

Univar Inc.
Form 10-Q
May 05, 2016
Table of Contents

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

Form 10-Q

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

For the quarterly period ended March 31, 2016

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 001-37443

Univar Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

26-1251958
(I.R.S. Employer Identification No.)

3075 Highland Parkway, Suite 200 Downers Grove,
Illinois
(Address of principal executive offices)

60515
(Zip Code)

Registrant's telephone number, including area code: (331) 777-6000

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

At April 18, 2016, 137,987,407 shares of the registrant's common stock, \$0.01 par value, were outstanding.

Table of Contents

Univar Inc.

Form 10-Q

For the quarterly period ended March 31, 2016

TABLE OF CONTENTS

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Condensed Consolidated Statements of Operations

1

Condensed Consolidated Statements of Comprehensive Loss

2

Condensed Consolidated Balance Sheets

3

Condensed Consolidated Statements of Cash Flows

4

Notes to Condensed Consolidated Statements

5

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

17

Item 3. Quantitative and Qualitative Disclosures About Market Risk

27

Item 4. Controls and Procedures

27

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

27

Item 1A. Risk Factors

27

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

27

Item 3. Defaults Upon Senior Securities

27

Item 4. Mine Safety Disclosures

27

Item 5. Other Information

27

Item 6. Exhibits

27

Signatures

28

Table of Contents

PART I.
FINANCIAL INFORMATION

Item 1. Financial Statements**Univar Inc.****Condensed Consolidated Statements of Operations****(Unaudited)**

(in millions, except per share data)	Note	Three months ended March 31,	
		2016	2015
Net sales		\$ 1,999.0	\$ 2,299.1
Cost of goods sold (exclusive of depreciation)		1,568.7	1,837.5
Gross profit		430.3	461.6
Operating expenses:			
Outbound freight and handling		71.3	84.5
Warehousing, selling and administrative		224.9	231.4
Other operating expenses, net	5	5.5	8.1
Depreciation		33.5	32.0
Amortization		22.0	21.9
Total operating expenses		357.2	377.9
Operating income		73.1	83.7
Other (expense) income:			
Interest income		0.9	1.2
Interest expense		(41.5)	(64.4)
Other (expense) income, net	7	(13.4)	6.8
Total other expense		(54.0)	(56.4)
Income before income taxes		19.1	27.3
Income tax expense	8	5.1	7.6
Net income		\$ 14.0	\$ 19.7
Income per common share:			
Basic	9	\$ 0.10	\$ 0.20
Diluted	9	0.10	0.20

Weighted average common shares outstanding:			
Basic	9	137.6	99.9
Diluted	9	137.8	100.4

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

Table of Contents

Univar Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(in millions)	Note	Three months ended	
		March 31, 2016	2015
Net income		\$ 14.0	\$ 19.7
Other comprehensive income (loss), net of tax:			
Foreign currency translation	10	69.1	(118.0)
Pension and other postretirement benefit adjustment	10	(1.8)	(1.8)
Derivative financial instruments	10		(1.3)
Total other comprehensive income (loss), net of tax		67.3	(121.1)
Comprehensive income (loss)		\$ 81.3	\$ (101.4)

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

Table of Contents

Univar Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions, except per share data)	Note	March 31, 2016	December 31, 2015
Assets			
Current assets:			
Cash and cash equivalents		\$ 222.1	\$ 188.1
Trade accounts receivable, net		1,140.2	1,026.2
Inventories		922.3	803.4
Prepaid expenses and other current assets		162.2	178.6
Total current assets		2,446.8	2,196.3
Property, plant and equipment, net	12	1,093.0	1,082.5
Goodwill		1,796.7	1,745.1
Intangible assets, net	12	523.8	518.9
Deferred tax assets		4.7	3.5
Other assets		70.4	66.1
Total assets		\$ 5,935.4	\$ 5,612.4
Liabilities and stockholders equity			
Current liabilities:			
Short-term financing	11	\$ 29.4	\$ 33.5
Trade accounts payable		1,043.7	836.0
Current portion of long-term debt	11	59.7	59.9
Accrued compensation		72.1	62.8
Other accrued expenses		292.1	301.3
Total current liabilities		1,497.0	1,293.5
Long-term debt	11	3,101.8	3,057.4
Pension and other postretirement benefit liabilities		252.4	251.8
Deferred tax liabilities		52.0	58.0
Other long-term liabilities		131.9	135.0
Commitment and contingencies	16		
Stockholders equity:			
Preferred stock, 200.0 million shares authorized at \$0.01 par value with no shares issued or outstanding as of March 31, 2016 and December 31, 2015			

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Common stock, 2.0 billion shares authorized at \$0.01 par value with 138.0 million shares issued and outstanding at March 31, 2016 and December 31, 2015		1.4	1.4
Additional paid-in capital		2,227.0	2,224.7
Accumulated deficit		(971.0)	(985.0)
Accumulated other comprehensive loss	10	(357.1)	(424.4)
Total stockholders' equity		900.3	816.7
Total liabilities and stockholders' equity		\$ 5,935.4	\$ 5,612.4

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

Table of Contents

Univar Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Note	Three months ended March 31,	
		2016	2015
Operating activities:			
Net income		\$ 14.0	\$ 19.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		55.5	53.9
Amortization of deferred financing fees and debt discount		2.0	4.2
Amortization of pension credit from accumulated other comprehensive loss	10	(3.0)	(3.0)
Deferred income taxes		(6.9)	3.8
Stock-based compensation expense	5	2.2	1.5
Other		(0.3)	(0.8)
Changes in operating assets and liabilities:			
Trade accounts receivable, net		(84.8)	(22.9)
Inventories		(95.1)	(44.7)
Prepaid expenses and other current assets		19.9	(15.3)
Trade accounts payable		181.0	99.8
Pensions and other postretirement benefit liabilities		(10.0)	(16.4)
Other, net		(9.8)	8.3
Net cash provided by operating activities		64.7	88.1
Investing activities:			
Purchases of property, plant and equipment		(23.5)	(31.9)
Purchases of businesses, net of cash acquired	15	(53.3)	
Proceeds from sale of property, plant and equipment		0.9	1.7
Other		(1.3)	
Net cash used by investing activities		(77.2)	(30.2)
Financing activities:			
Proceeds from issuance of long-term debt	11	37.5	
Payments on long-term debt and capital lease obligations	11	(9.4)	(53.7)
Short-term financing, net	11	(10.4)	3.4
Other		0.1	1.9

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Net cash provided by (used by) financing activities	17.8	(48.4)
Effect of exchange rate changes on cash and cash equivalents	28.7	(34.1)
Net increase (decrease) in cash and cash equivalents	34.0	(24.6)
Cash and cash equivalents at beginning of period	188.1	206.0
Cash and cash equivalents at end of period	\$ 222.1	\$ 181.4
Supplemental disclosure of cash flow information		
Non-cash activities:		
Additions of property, plant and equipment included in trade accounts payable and other accrued expenses	\$ 6.6	\$ 9.4
Additions of property, plant and equipment under a capital lease obligation	2.3	11.3

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

Table of Contents

Univar Inc.

Notes to Condensed Consolidated Financial Statements

As of March 31, 2016 and

For the Three Month Periods Ended March 31, 2016 and 2015

(Unaudited)