

RAYONIER ADVANCED MATERIALS INC.

Form 10-Q

May 01, 2015

Table of Contents

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 28, 2015

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 001-36285

Incorporated in the State of Delaware

I.R.S. Employer Identification No. 46-4559529

1301 RIVERPLACE BOULEVARD, SUITE 2300

JACKSONVILLE, FL 32207

(Principal Executive Office)

Telephone Number: (904) 357-4600

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 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

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

The registrant had 42,837,691 shares of common stock, \$.01 par value per share, outstanding as of April 24, 2015.

Table of Contents

Item	Page
Part I — Financial Information	
1.	
	<u>Financial Statements (unaudited)</u>
	<u>Condensed Consolidated Statements of Income and Comprehensive Income for the Three Months Ended March 28, 2015 and March 31, 2014</u>
	<u>1</u>
	<u>Condensed Consolidated Balance Sheets as of March 28, 2015 and December 31, 2014</u>
	<u>2</u>
	<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 28, 2015 and March 31, 2014</u>
	<u>3</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>
	<u>4</u>
2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	<u>10</u>
3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>
	<u>15</u>
4.	<u>Controls and Procedures</u>
	<u>16</u>
Part II — Other Information	
1.	<u>Legal Proceedings</u>
	<u>17</u>
1A.	<u>Risk Factors</u>
	<u>17</u>
2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	<u>18</u>
6.	<u>Exhibits</u>
	<u>19</u>
	<u>Signature</u>
	<u>20</u>

Table of Contents

Part I. Financial Information

Item 1. Financial Statements

Rayonier Advanced Materials Inc.

Condensed Consolidated Statements of Income and Comprehensive Income

(Unaudited)

(Dollars in thousands, except per share amounts)

	Three Months Ended	
	March 28, 2015	March 31, 2014
Net Sales	\$221,348	\$243,499
Cost of Sales	184,476	188,719
Gross Margin	36,872	54,780
Selling and general expenses	12,296	8,226
Other operating expense, net (Note 8)	630	3,190
Operating Income	23,946	43,364
Interest expense	9,324	—
Interest and miscellaneous income, net	(29) —
Income Before Income Taxes	14,651	43,364
Income tax expense (Note 9)	4,130	12,417
Net Income	\$10,521	\$30,947
Earnings Per Share of Common Stock (Note 7)		
Basic earnings per share	\$0.25	\$0.73
Diluted earnings per share	\$0.25	\$0.73
Dividends Declared Per Share	\$0.07	\$—
Comprehensive Income:		
Net Income	\$10,521	\$30,947
Other Comprehensive Income		
Net gain from pension and postretirement plans, net of income tax expense of \$1,299 and \$477	2,308	830
Total other comprehensive income	2,308	830
Comprehensive Income	\$12,829	\$31,777

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

Rayonier Advanced Materials Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(Dollars in thousands)

	March 28, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	\$77,621	\$65,977
Accounts receivable, less allowance for doubtful accounts of \$151 and \$151	51,688	69,263
Inventory (Note 2)	131,937	140,209
Deferred tax assets	8,534	8,275
Prepaid and other current assets	31,936	36,267
Total current assets	301,716	319,991
Property, Plant and Equipment, Gross	2,026,725	2,010,644
Less — Accumulated Depreciation	(1,186,162)	(1,167,269)
Property, Plant and Equipment, Net	840,563	843,375
Deferred Tax Assets	78,666	78,547
Other Assets	60,905	61,967
Total Assets	\$1,281,850	\$1,303,880
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	\$55,243	\$64,697
Current maturities of long-term debt (Note 3)	8,207	8,400
Accrued income and other taxes	5,551	4,643
Accrued payroll and benefits	14,171	23,124
Accrued interest	10,228	2,684
Accrued customer incentives	9,169	12,743
Accrued professional services	1,875	755
Other current liabilities	6,793	7,158
Dividends payable	2,953	—
Current liabilities for disposed operations (Note 5)	8,366	7,241
Total current liabilities	122,556	131,445
Long-Term Debt (Note 3)	916,675	936,416
Non-Current Liabilities for Disposed Operations (Note 5)	147,365	149,488
Pension and Other Postretirement Benefits (Note 11)	140,450	141,338
Other Non-Current Liabilities	7,392	7,605
Commitments and Contingencies		
Stockholders' Deficit		
Preferred stock, 10,000,000 shares authorized at \$0.01 par value, 0 issued and outstanding as of March 28, 2015 and December 31, 2014	—	—
Common stock, 140,000,000 shares authorized at \$0.01 par value, 42,837,741 and 42,616,319 issued and outstanding, as of March 28, 2015 and December 31, 2014, respectively	428	426
Additional paid-in capital	62,057	62,082
Accumulated deficit	(13,937)	(21,476)
Accumulated other comprehensive loss	(101,136)	(103,444)
Total Stockholders' Deficit	(52,588)	(62,412)
Total Liabilities and Stockholders' Deficit	\$1,281,850	\$1,303,880

See Notes to Condensed Consolidated Financial Statements.

2

Table of Contents