

Clearwater Paper Corp
Form 10-Q
May 04, 2012
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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, 2012

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
(State or other jurisdiction of
incorporation or organization)

20-3594554
(I.R.S. Employer

Identification No.)

601 West Riverside, Suite 1100

Spokane, Washington
(Address of principal executive offices)

99201
(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

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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, 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 (Do not check if a smaller reporting company) 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 number of shares of common stock of the registrant outstanding as of April 20, 2012 was 23,381,202.

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CLEARWATER PAPER CORPORATION

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Clearwater Paper Corporation

Condensed Consolidated Statements of Operations

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

	Three Months Ended	
	March 31,	
	2012	2011
Net sales	\$ 457,798	\$ 465,830
Costs and expenses:		
Cost of sales	(403,076)	(414,920)
Selling, general and administrative expenses	(29,074)	(27,364)
Total operating costs and expenses	(432,150)	(442,284)
Income from operations	25,648	23,546
Interest expense, net	(9,728)	(11,333)
Other, net		(476)
Earnings before income taxes	15,920	11,737
Income tax provision	(12,194)	(6,133)
Net earnings	\$ 3,726	\$ 5,604
Net earnings per common share:		
Basic	\$ 0.16	\$ 0.25
Diluted	0.16	0.24

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

All common share and per share amounts have been adjusted for the two-for-one stock split effected in the form of a stock dividend distributed on August 26, 2011.

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Clearwater Paper Corporation

Condensed Consolidated Statements of Comprehensive Income

Unaudited (Dollars in thousands)

	Three Months Ended March 31,	
	2012	2011
Net earnings	\$ 3,726	\$ 5,604
Other comprehensive income, net of tax:		
Defined benefit pension and other postretirement employee benefits:		
Amortization of actuarial loss included in net periodic cost, net of tax expense of \$1,286 and \$1,002	1,978	1,567
Amortization of prior service credit included in net periodic cost, net of tax benefit of \$114 and \$59	(176)	(92)
Foreign currency translation adjustment		1,172
Amortization of deferred taxes related to actuarial gain on other postretirement employee benefit obligations		(58)
Other comprehensive income, net of tax	1,802	2,589
Comprehensive income	\$ 5,528	\$ 8,193

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

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Clearwater Paper Corporation

Condensed Consolidated Balance Sheets

Unaudited (Dollars in thousands except per-share amounts)

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash	\$ 24,544	\$ 8,439
Restricted cash	770	769
Short-term investments	25,000	55,001
Receivables, net	179,583	176,189
Taxes receivable	14,508	10,000
Inventories	244,722	244,071
Deferred tax assets	27,573	39,466
Prepaid expenses	10,718	11,396
Total current assets	527,418	545,331
Property, plant and equipment, net	768,339	735,566
Goodwill	229,533	229,533
Intangible assets, net	48,117	49,748
Other assets, net	10,560	11,140
TOTAL ASSETS	\$ 1,583,967	\$ 1,571,318
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 173,806	\$ 144,631
Current liability for pensions and other postretirement employee benefits	9,861	9,861
Total current liabilities	183,667	154,492
Long-term debt	523,752	523,694
Liability for pensions and other postretirement employee benefits	200,246	215,932
Other long-term obligations	47,560	48,474
Accrued taxes	78,107	74,464
Deferred tax liabilities	69,341	69,358
Stockholders' equity:		
Preferred stock, par value \$0.0001 per share, 5,000,000 authorized shares, no shares issued		
Common stock, par value \$0.00005 per share, 100,000,000 authorized shares, 23,825,750 and 23,101,710 shares issued	1	1
Additional paid-in capital	306,827	315,965
Retained earnings	299,279	295,553
Treasury stock, at cost, common shares-333,300 shares repurchased	(11,350)	(11,350)
Accumulated other comprehensive loss, net of tax	(113,463)	(115,265)
Total stockholders' equity	481,294	484,904
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,583,967	\$ 1,571,318

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

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Clearwater Paper Corporation

Condensed Consolidated Statements of Cash Flows

Unaudited (Dollars in thousands)

	Three Months Ended March 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 3,726	\$ 5,604
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	19,548	18,669
Deferred tax expense	11,876	2,001
Equity-based compensation expense	1,080	1,954
Employee benefit plans	1,682	2,397
Change in working capital, net	15,772	3,117
Change in taxes receivable, net	(4,508)	10,354
Excess tax benefits from equity-based payment arrangements	(2,145)	
Changes in non-current accrued taxes	3,643	710
Funding of qualified pension plans	(15,525)	(8,500)
Other, net	3,294	2,275
 Net cash provided by operating activities	 38,443	 38,581
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in short-term investments, net	30,001	(14,000)
Additions to plant and equipment	(41,521)	(23,492)
 Net cash used for investing activities	 (11,520)	 (37,492)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Cellu Tissue debt		(380)
Excess tax benefits from equity-based payment arrangements	2,145	
Payment of tax withholdings on equity-based payment arrangements	(12,963)	(1,470)
Other, net		873
 Net cash used for financing activities	 (10,818)	 (977)
 Effect of exchange rate changes		 52
 Increase in cash	 16,105	 164
Cash at beginning of period	8,439	18,928
 Cash at end of period	 \$ 24,544	 \$ 19,092
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest, net of amounts capitalized	\$	\$ 92
Cash p		