

GLATFELTER P H CO
Form 10-Q
August 05, 2013
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 June 30, 2013

or

.. **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

96 South George Street, Suite 520

York, Pennsylvania 17401

(Address of principal executive offices)

(717) 225-4711

(Registrant's telephone number, including area code)

Commission		IRS Employer	
file number	Exact name of registrant as specified in its charter	Identification No.	State or other jurisdiction of incorporation or organization
1-03560	P. H. Glatfelter Company	23-0628360	Pennsylvania
	N/A		

(Former name or former address, if changed since last report)

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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 at 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 small 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 .

Common Stock outstanding on July 31, 2013 totaled 43,083,433 shares.

Table of Contents

P. H. GLATFELTER COMPANY AND

SUBSIDIARIES

REPORT ON FORM 10-Q

For the QUARTERLY PERIOD ENDED

JUNE 30, 2013

Table of Contents

	Page
<u>PART I FINANCIAL INFORMATION</u>	
Item 1	
<u>Financial Statements</u>	
<u>Condensed Consolidated Statements of Income for the three months and six months ended June 30, 2013 and 2012 (unaudited)</u>	1
<u>Condensed Consolidated Statements of Comprehensive Income for the three months and six months ended June 30, 2013 and 2012 (unaudited)</u>	2
<u>Condensed Consolidated Balance Sheets as of June 30, 2013 and December 31, 2012 (unaudited)</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012 (unaudited)</u>	4
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	5
Item 2	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 3	
<u>Quantitative and Qualitative Disclosures About Market Risks</u>	37
Item 4	
<u>Controls and Procedures</u>	37
<u>PART II OTHER INFORMATION</u>	
Item 6	
<u>Exhibits</u>	38
<u>SIGNATURES</u>	39

Table of Contents**PART I****Item 1 Financial Statements****P. H. GLATFELTER COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

<i>In thousands, except per share</i>	Three months ended		Six months ended	
	June 30	2012	June 30	2012
	2013		2013	2012
Net sales	\$ 425,967	\$ 384,693	\$ 831,156	\$ 782,045
Energy and related sales, net	424	1,630	1,525	3,491
Total revenues	426,391	386,323	832,681	785,536
Costs of products sold	385,551	345,445	734,466	683,688
Gross profit	40,840	40,878	98,215	101,848
Selling, general and administrative expenses	34,528	30,113	68,015	60,080
Gains on dispositions of plant, equipment and timberlands, net	(19)	(6,961)	(92)	(6,998)
Operating income	6,331	17,726	30,292	48,766
Non-operating income (expense)				
Interest expense	(4,514)	(4,159)	(8,355)	(8,428)
Interest income	46	103	148	226
Other, net	175	103	422	299
Total non-operating expense	(4,293)	(3,953)	(7,785)	(7,903)
Income before income taxes	2,038	13,773	22,507	40,863
Income tax provision	1,105	341	5,945	8,553
Net income	\$ 933	\$ 13,432	\$ 16,562	\$ 32,310
Earnings per share				
Basic	\$ 0.02	\$ 0.31	\$ 0.38	\$ 0.75
Diluted	0.02	0.31	0.38	0.74
Cash dividends declared per common share	\$ 0.10	\$ 0.09	\$ 0.20	\$ 0.18
Weighted average shares outstanding				
Basic	43,134	42,854	43,050	42,802
Diluted	44,202	43,558	44,119	43,529

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

Table of Contents**P. H. GLATFELTER COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(unaudited)

<i>In thousands</i>	Three months ended		Six months ended	
	June 30		June 30	
	2013	2012	2013	2012
Net income	\$ 933	\$ 13,432	\$ 16,562	\$ 32,310
Foreign currency translation adjustments	3,727	(14,011)	(8,230)	(4,557)
Net change in:				
Deferred gains (losses) on cash flow hedges, net of taxes of \$(136), \$183, \$34, \$(137) respectively	(395)	479	46	(341)
Unrecognized retirement obligations, net of taxes of \$(2,263), \$(1,804), \$(4,576), \$(3,669) respectively	3,773	2,913	7,600	5,930
Other comprehensive income (loss)	7,105	(10,619)	(584)	1,032
Comprehensive income	\$ 8,038	\$ 2,813	\$ 15,978	\$ 33,342

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

- 2 -

GLATFELTER

6.30.13 Form 10-Q

Table of Contents**P. H. GLATFELTER COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(unaudited)

<i>In thousands</i>	June 30 2013	December 31 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 44,755	\$ 97,679
Accounts receivable, net	182,739	139,904
Inventories	232,060	222,366
Prepaid expenses and other current assets	53,618	58,909
Total current assets	513,172	518,858
Plant, equipment and timberlands, net	697,389	621,186
Other assets	271,735	102,941
Total assets	\$ 1,482,296	\$ 1,242,985
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 142,174	\$ 133,389
Dividends payable	4,359	3,905
Environmental liabilities	125	125
Other current liabilities	111,662	113,489
Total current liabilities	258,320	250,908
Long-term debt	432,546	250,000
Deferred income taxes	96,234	62,046
Other long-term liabilities	146,935	140,352
Total liabilities	934,035	703,306
Commitments and contingencies		
Shareholders' equity		
Common stock	544	544
Capital in excess of par value	49,593	52,492
Retained earnings	827,456	819,593
Accumulated other comprehensive loss	(164,550)	(163,966)
	713,043	708,663
Less cost of common stock in treasury	(164,782)	(168,984)
Total shareholders' equity	548,261	539,679
Total liabilities and shareholders' equity	\$ 1,482,296	\$ 1,242,985

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

- 3 -

GLATFELTER

6.30.13 Form 10-Q

Table of Contents**P. H. GLATFELTER COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

<i>In thousands</i>	Six months ended June 30	
	2013	2012
Operating activities		
Net income	\$ 16,562	\$ 32,310
Adjustments to reconcile to net cash provided by operations:		
Depreciation, depletion and amortization	32,024	34,053
Amortization of debt issue costs and original issue discount	649	608
Pension expense, net of unfunded benefits paid	6,433	5,141
Deferred income tax benefit	(971)	(26,040)
Gains on dispositions of plant, equipment and timberlands, net	(92)	(6,998)
Share-based compensation	3,587	3,336
Change in operating assets and liabilities		
Accounts receivable	(20,008)	(12,779)