

GLATFELTER P H CO
Form 10-Q
November 09, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD
from to

For the quarterly period ended September 30, 2011

Commission file number 1-3560

P. H. Glatfelter Company

(Exact name of registrant as specified in its charter)

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Pennsylvania (State or other jurisdiction of incorporation or organization)	23-0628360 (IRS Employer Identification No.)
96 South George Street, Suite 500 York, Pennsylvania 17401 (Address of principal executive offices)	(717) 225-4711 (Registrant's telephone number, including area code)
N/A (Former name or former address, if changed since last report)	

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 least 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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large Accelerated Accelerated

Non-accelerated 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 .

As of October 31, 2011, P. H. Glatfelter Company had 43,614,880 shares of common stock outstanding.

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P. H. GLATFELTER COMPANY AND

SUBSIDIARIES

REPORT ON FORM 10-Q

For the QUARTERLY PERIOD ENDED

SEPTEMBER 30, 2011

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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		Nine months ended	
	September 30		September 30	
	2011	2010	2011	2010
Net sales	\$ 416,493	\$ 379,097	\$ 1,211,249	\$ 1,079,153
Energy and related sales net	2,840	3,312	7,887	8,834
Total revenues	419,333	382,409	1,219,136	1,087,987
Costs of products sold	364,417	326,669	1,066,553	952,571
Gross profit	54,916	55,740	152,583	135,416
Selling, general and administrative expenses	31,430	27,782	94,520	91,299
Gains on dispositions of plant, equipment and timberlands, net	(698)	(150)	(3,902)	(318)
Operating income	24,184	28,108	61,965	44,435
Other non-operating income (expense)				
Interest expense	(6,456)	(6,565)	(19,377)	(19,045)
Interest income	134	232	491	570
Other net	(137)	(251)	(405)	(3,868)
Total other non-operating expense	(6,459)	(6,584)	(19,291)	(22,343)
Income (loss) before income taxes	17,725	21,524	42,674	22,092
Income tax provision (benefit)	4,699	(17,913)	9,721	(17,074)
Net income (loss)	\$ 13,026	\$ 39,437	\$ 32,953	\$ 39,166
Earnings (loss) per share				
Basic	\$ 0.29	\$ 0.86	\$ 0.72	\$ 0.85
Diluted	0.28	0.85	0.71	0.85
Cash dividends declared per common share	\$ 0.09	\$ 0.09	\$ 0.27	\$ 0.27
Weighted average shares outstanding				
Basic	45,299	45,950	45,813	45,898
Diluted	45,839	46,286	46,341	46,330

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

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

(unaudited)

<i>In thousands</i>	September 30 2011	December 31 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 98,251	\$ 95,788
Accounts receivable net	156,925	141,208
Inventories	208,010	201,077
Prepaid expenses and other current assets	52,847	64,617
Total current assets	516,033	502,690
Plant, equipment and timberlands net	606,048	608,170
Other assets	227,946	230,887
Total assets	\$ 1,350,027	\$ 1,341,747
Liabilities and Shareholders Equity		
Current liabilities		
Short-term debt	\$	\$ 798
Accounts payable	103,386	98,594
Dividends payable	4,033	4,190
Environmental liabilities	250	248
Other current liabilities	100,941	109,316
Total current liabilities	208,610	213,146
Long-term debt	332,741	332,224
Deferred income taxes	104,754	94,918
Other long-term liabilities	145,300	149,017
Total liabilities	791,405	789,305
Commitments and contingencies		
Shareholders equity		
Common stock	544	544
Capital in excess of par value	50,553	48,145
Retained earnings	769,986	749,453
Accumulated other comprehensive loss	(112,524)	(121,247)
	708,559	676,895
Less cost of common stock in treasury	(149,937)	(124,453)
Total shareholders equity	558,622	552,442
Total liabilities and shareholders equity	\$ 1,350,027	\$ 1,341,747

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

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

(unaudited)

<i>In thousands</i>	Nine months ended September 30	
	2011	2010
Operating activities		
Net income (loss)	\$ 32,953	\$ 39,166
Adjustments to reconcile to net cash provided by operations:		
Depreciation, depletion and amortization	51,779	48,802
Amortization of debt issue costs and original issue discount	2,001	2,098
Pension expense, net of unfunded benefits paid	7,671	6,422
Deferred income tax provision (benefit)	13,111	(12,755)
Gains on dispositions of plant, equipment and timberlands, net	(3,902)	(318)
Share-based compensation	4,301	4,333
Cellulosic biofuel and alternative fuel mixture credits	17,833	54,880
Change in operating assets and liabilities		
Accounts receivable	(16,292)	(18,606)
Inventories	(7,136)	1,358
Prepaid expenses and other current assets	(9,654)	(19,012)
Accounts payable	4,932	20,731
Accruals and other current liabilities	(7,630)	(5,893)
Other	(8,831)	2,174
Net cash provided by operating activities	81,136	123,380
Investing activities		
Expenditures for purchases of plant, equipment and timberlands	(44,642)	(23,269)
Proceeds from disposals of plant, equipment and timberlands, net	4,442	333
Acquisition of Concert Industries Corp., net of cash acquired		(229,080)
Net cash used by investing activities	(40,200)	(252,016)
Financing activities		
Proceeds from \$100 million 7 1/8% note offering, net of original issue discount		95,000
Payments of note offering and credit facility costs		(5,297)
Net borrowings repayments of short term debt	(798)	(2,979)
Repayment of 2011 Term Loan		(14,000)
Payments of dividends	(12,578)	(12,556)
Repurchase of common stock	(26,251)	
Proceeds from stock options exercised and other	132	147
Net cash provided (used) by financing activities		