Core-Mark Holding Company, Inc.
Form 10-Q
May 07, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(MARK ONE)

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

For the quarterly period ended March 31, 2015

o 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: 000-51515

Core-Mark Holding Company, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-1489747 (IRS Employer Identification No.)
395 Oyster Point Boulevard, Suite 415 South San Francisco, CA	94080
(Address of principal executive offices)	(Zip Code)

(650) 589-9445
(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 x No o

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 x No o

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 x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of April 30, 2015, 23,092,552 shares of the registrant’s common stock, $0.01 par value per share, were outstanding.

FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2015
TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)
(Unaudited)

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$16.5	$14.4
Restricted cash	11.0	13.0
Accounts receivable, net of allowance for doubtful accounts of $10.7 and $10.8 as of March 31, 2015 and December 31, 2014, respectively	253.3	245.3
Other receivables, net	60.9	61.5
Inventories, net (Note 4)	296.9	417.8
Deposits and prepayments	56.9	43.7
Deferred income taxes	9.2	8.4
Total current assets	704.7	804.1
Property and equipment, net	147.6	148.9
Goodwill	22.9	22.9
Other intangible assets, net	24.1	22.6
Other non-current assets, net	31.1	31.1
Total assets	$930.4	$1,029.6
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$140.3	$128.4
Book overdrafts	22.9	29.1
Cigarette and tobacco taxes payable	147.2	187.3
Accrued liabilities	83.7	93.4
Deferred income taxes	0.2	0.3
Total current liabilities	394.3	438.5
Long-term debt (Note 5)	16.0	68.2
Deferred income taxes	16.3	16.2
Other long-term liabilities	11.2	11.9
Claims liabilities	27.7	27.5
Pension liabilities	5.9	6.0
Total liabilities	471.4	568.3
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, $0.01 par value (50,000,000 shares authorized, 25,957,131 and 25,847,269 shares issued; 23,141,080 and 23,080,110 shares outstanding at March 31, 2015 and December 31, 2014, respectively)	0.3	0.3
Additional paid-in capital	264.6	263.8
Treasury stock at cost (2,816,051 and 2,767,159 shares of common stock at March 31, 2015 and December 31, 2014, respectively)	(55.6)	(52.6)
Retained earnings	263.9	261.4
Accumulated other comprehensive loss	(14.2)	(11.6)

Total stockholders’ equity	459.0	461.3
Total liabilities and stockholders’ equity	$930.4	$1,029.6

See accompanying notes to condensed consolidated financial statements.

Table of Contents

CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Net sales	$2,452.3	$2,300.9
Cost of goods sold	2,315.0	2,176.5
Gross profit	137.3	124.4
Warehousing and distribution expenses	79.5	75.3
Selling, general and administrative expenses	47.3	43.9
Amortization of intangible assets	0.6	0.6
Total operating expenses	127.4	119.8
Income from operations	9.9	4.6
Interest expense	(0.6)	(0.7)
Interest income	0.2	0.1
Foreign currency transaction losses, net	(0.4)	—
Income before income taxes	9.1	4.0
Provision for income taxes (Note 7)	(3.6)	(1.6)
Net income	$5.5	$2.4
Basic net income per common share (Note 9)	$0.24	$0.11
Diluted net income per common share (Note 9)	$0.24	$0.10
Basic weighted-average shares (Note 9)	23.2	23.0
Diluted weighted-average shares (Note 9)	23.3	23.2
Dividends declared and paid per common share (Note 11)	$0.13	$0.11

See accompanying notes to condensed consolidated financial statements.

Table of Contents

CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Net income	$5.5	$2.4
Other comprehensive loss, net of tax:		
Defined benefit plan adjustments	0.1	—
Foreign currency translation loss	(2.7)	(1.3)
Other comprehensive loss, net of tax	(2.6)	(1.3)
Comprehensive income	$2.9	$1.1

See accompanying notes to condensed consolidated financial statements.

Table of Contents

CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended March 31, 2015	2014
Cash flows from operating activities:		
Net income	$5.5	$2.4
Adjustments to reconcile net income to net cash provided by operating activities:		
LIFO and inventory provisions	2.4	2.7
Amortization of debt issuance costs	0.1	0.1
Stock-based compensation expense	1.9	1.3
Bad debt expense, net	0.5	0.3
Depreciation and amortization	8.7	7.2
Foreign currency transaction losses, net	0.4	—
Deferred income taxes	(0.7)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(6.2)	(7.4)
Other receivables, net	0.1	7.8
Inventories, net	116.9	84.9
Deposits, prepayments and other non-current assets	(14.0)	5.4
Excess tax deductions associated with stock-based compensation	(1.9)	(0.7)
Accounts payable	13.4	7.2
Cigarette and tobacco taxes payable	(36.1)	(28.9)
Pension, claims, accrued and other long-term liabilities	(8.9)	(4.7)
Net cash provided by operating activities	82.1	77.6
Cash flows from investing activities:		
Acquisition of business, net of cash acquired	(8.0)	(0.1)
Change in restricted cash	2.0	1.4
Additions to property and equipment, net	(2.7)	(5.0)
Capitalization of software and related development costs	(1.9)	(0.2)
Proceeds from sale of fixed assets	0.3	—
Net cash used in investing activities	(10.3)	(3.9)
Cash flows from financing activities:		
Repayments under revolving credit facility, net	(54.9)	(46.3)
Dividends paid	(3.1)	(2.6)
Payments on capital leases	(0.6)	(0.3)
Repurchases of common stock	(3.0)	(3.0)
Proceeds from exercise of common stock options	0.3	0.7
Tax withholdings related to net share settlements of restricted stock units	(3.1)	(0.8)
Excess tax deductions associated with stock-based compensation	1.9	0.7
Decrease in book overdrafts	(6.2)	(14.4)
Net cash used in financing activities	(68.7)	(66.0)
Effects of changes in foreign exchange rates	(1.0)	(0.2)
Change in cash and cash equivalents	2.1	7.5
Cash and cash equivalents, beginning of period	14.4	11.0
Cash and cash equivalents, end of period	$16.5	$18.5
Supplemental disclosures:		

Cash paid (refunded) during the period for:		
Income taxes, net	$0.8	$(2.9)
Interest	$0.3	$0.3
Non-cash capital lease obligations incurred	$5.2	$3.5
Unpaid property and equipment purchases included in accrued liabilities	$0.4	$3.4

See accompanying notes to condensed consolidated financial statements.

4

Table of Contents

CORE-MARK HOLDING COMPANY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Company Information

Business

Core-Mark Holding Company, Inc. and subsidiaries (referred to herein as “the Company” or “Core-Mark”) is one of the largest marketers of fresh and broad-line supply solutions to the convenience retail industry in North America. The Company offers a full range of products, marketing programs and technology solutions to approximately 35,000 customer locations in the United States (“U.S.”) and Canada. The Company’s customers include traditional convenience stores, drug stores, grocery stores, liquor stores and other specialty and small format stores that carry convenience products. The Company’s product offering includes cigarettes, other tobacco products, candy, snacks, fast food, groceries, fresh products, dairy, bread, beverages, general merchandise and health and beauty care products. The Company operates a network of 29 distribution centers in the U.S. and Canada (excluding two distribution facilities it operates as a third party logistics provider). Twenty-five of the Company’s distribution centers are located in the U.S. and four are located in Canada.

2. Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated balance sheet as of March 31, 2015, the unaudited condensed consolidated statements of operations, comprehensive income and cash flows for the three months ended March 31, 2015 and 2014, have been prepared on the same basis as the Company’s audited consolidated financial statements and include all adjustments necessary for the fair presentation of its consolidated results of operations, financial position, comprehensive income and cash flows. Results for the interim periods are not necessarily indicative of results to be expected for the full year or any other future periods. The condensed consolidated balance sheet as of December 31, 2014 has been derived from the Company’s audited financial statements, which are included in its 2014 Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on March 2, 2015.

The significant accounting policies and certain financial information that are normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”), but which are not required for interim reporting purposes, have been omitted. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements in its Annual Report on Form 10-K, for the year ended December 31, 2014.

The unaudited condensed consolidated financial statements include Core-Mark and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in the unaudited condensed consolidated financial statements. Certain prior year amounts in the unaudited condensed consolidated financial statements have been reclassified to conform to the current year’s presentation.

Shares and per share amounts for the three months ended March 31, 2014 in the accompanying condensed consolidated financial statements and applicable disclosures have been adjusted to reflect the two-for-one stock split in the form of a dividend effective June 27, 2014.

Concentration of Credit Risks

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash investments, accounts receivable and other receivables. The Company places its cash and cash equivalents in short-term instruments with high quality financial institutions and limits the amount of credit exposure in any one financial instrument. The Company pursues amounts and incentives due from vendors in the normal course of business and is often allowed to deduct these amounts and incentives from payments made to vendors.

A credit review is completed for new customers and ongoing credit evaluations of each customer’s financial condition are performed periodically, with reserves maintained for potential credit losses. Credit limits given to customers are based on a risk assessment of their ability to pay and other factors. Accounts receivable are typically not collateralized, but the Company may require prepayments or other guarantees whenever deemed necessary.

Alimentation Couche-Tard, Inc. (“Couche-Tard”), the Company’s largest customer, accounted for approximately 14.5% and 14.6% of the Company’s total net sales for three months ended March 31, 2015 and 2014, respectively. No single customer accounted for 10% or more of the Company’s accounts receivables as of March 31, 2015 or December 31, 2014.

Table of Contents

Recent Accounting Standards or Updates Not Yet Effective

On May 28, 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers: Topic 606 (“ASU 2014-09”), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. On April 29, 2015, the FASB issued a proposed ASU that would defer the effective date of the new revenue recognition standard by one year. The FASB also proposed permitting early adoption of the standard, but not before the original effective date which is for annual reports beginning after December 15, 2016. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on its financial statements.

On June 19, 2014, the FASB issued ASU No. 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period: Topic 718 (“ASU 2014-12”). The standard states that a performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition. This standard is effective for the Company beginning in 2016 and early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2014-12 on its financial statements.

On April 7, 2015, the FASB issued ASU No. 2015-03, Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs: Subtopic 835-30 (“ASU 2015-03”). In order to simplify the presentation of debt issuance costs, ASU 2015-03 requires debt issuance costs to be presented on the balance sheet as a direct deduction from the related debt liability rather than an asset. ASU 2015-03 is effective for public companies for annual periods beginning after December 15, 2015, and interim periods thereafter, with early adoption permitted. The guidance also requires retrospective application to all prior periods presented. The Company is currently evaluating the impact of the adoption of ASU 2015-03 on its financial statements.

3. Acquisition

Asset Acquisition of Karrys Bros., Limited.

On February 23, 2015, the Company acquired substantially all of the assets of Karrys Bros., Limited (“Karrys Bros.”), a regional convenience wholesaler servicing customers in Ontario, Canada, and the surrounding provinces, for cash consideration of approximately $8.0 million, or $10.0 million Canadian dollars. The Karrys Bros. operations will be integrated into the Company’s existing distribution center in Toronto and has provided the Company the opportunity to increase its market share in eastern Canada. The purchase price allocation of the acquired assets and liabilities assumed, based on a preliminary estimate of their fair values at the acquisition date, was as follows (in millions):

	February 23, 2015
Accounts receivable	$3.9
Inventory	3.9
Property and equipment	2.3
Liabilities	(2.1)
Total consideration	$8.0

Transaction costs in connection with the acquisition of Karrys Bros. were approximately $0.3 million for the quarter ended March 31, 2015. The results of operations of Karrys Bros. have been included in the Company’s consolidated statements of operations and comprehensive income since the acquisition date. The Company did not consider the Karrys Bros. acquisition to be a material business combination and therefore has not disclosed pro-forma results of operations for the acquired business.

Table of Contents

4. Inventories

Inventories consist of the following (in millions):

	March 31, 2015	December 31, 2014
Inventories at FIFO, net of reserves	$414.6	$533.1
Less: LIFO reserve	(117.7)	(115.3)
Total inventories at LIFO, net of reserves	$296.9	$417.8

Cost of goods sold reflects the application of the last-in, first-out (“LIFO”) method of valuing inventories in the U.S. based upon estimated annual producer price indices. Inventories in Canada are valued on a first-in, first-out (“FIFO”) basis, as LIFO is not a permitted inventory valuation method in Canada. During periods of rising prices, the LIFO method of costing inventories generally results in higher current costs being charged against income while lower costs are retained in inventories. Conversely, during periods of decreasing prices, the LIFO method of costing inventories generally results in lower current costs being charged against income and higher stated inventories. The Company recorded LIFO expense of $2.4 million and $2.8 million for the three months ended March 31, 2015 and 2014, respectively.

5. Long-term Debt

Long-term debt consists of the following (in millions):

	March 31, 2015	December 31, 2014
Amounts borrowed (Credit Facility)	$1.0	$55.9
Obligations under capital leases	15.0	12.3
Total long-term debt	$16.0	$68.2

The Company has a revolving credit facility (“Credit Facility”) with a capacity of $200 million, which can be increased up to an additional $100 million, limited by a borrowing base primarily consisting of eligible accounts receivable and inventories. All obligations under the Credit Facility are secured by first priority liens on substantially all of the Company’s present and future assets. The terms of the Credit Facility permit prepayment without penalty at any time (subject to customary breakage costs with respect to LIBOR or CDOR based loans prepaid prior to the end of an interest period). The margin added to the LIBOR or CDOR rate is currently a range of 125 to 175 basis points. In addition, the Credit Facility provides for stock repurchases of up to an aggregate of $50 million, not to exceed $15 million in any year, a $75 million ceiling for dividends and up to $125 million for permitted acquisitions. As of March 31, 2015, the remaining balances under the Credit Facility for stock repurchases, dividends, and permitted acquisitions were $35.7 million, $54.4 million, and $116.9 million, respectively. The Credit Facility expires in May 2018.

Amounts borrowed, outstanding letters of credit and amounts available to borrow, net of certain reserves required under the Credit Facility, were as follows (in millions):

	March 31, 2015	December 31, 2014
Amounts borrowed	$1.0	$55.9
Outstanding letters of credit	18.5	17.4
Amounts available to borrow [(1)]	170.0	114.8

---

(1) Excluding $100 million expansion feature.

Average borrowings during the three months ended March 31, 2015 and 2014 were $30.4 million and $13.6 million, respectively, with amounts borrowed, at any one time outstanding, ranging from zero to $74.4 million and from zero to $46.3 million, respectively.

The weighted-average interest rate on the revolving credit facility for the three months ended March 31, 2015 was 1.7% compared to 1.6% for the same period in 2014. The weighted-average interest rate is calculated based on the daily cost of borrowing, reflecting a blend of prime and LIBOR rates. The Company paid fees for unused facility and letter of credit participation, which are included in interest expense, of $0.2 million during the three months ended March 31, 2015 and 2014, respectively. The

7

Table of Contents

Company recorded charges related to amortization of debt issuance costs, which are included in interest expense, of $0.1 million for the three months ended March 31, 2015 and 2014, respectively. Unamortized debt issuance costs were $1.0 million as of March 31, 2015 and $1.1 million as of December 31, 2014.

6. Contingencies
Litigation

The Company and its insurers are plaintiffs in a lawsuit against Sonitrol Corporation. The case arose from the December 21, 2002 arson fire at the Denver warehouse, in which Sonitrol failed to detect and respond to a four-hour burglary and subsequent arson. In 2010, a jury found in favor of the Company and its insurers. Sonitrol appealed the judgment to the Colorado Appellate Court and on July 19, 2012, the Appellate Court upheld the trial court’s ruling on two of the three issues being appealed but set aside the judgment and remanded the case back to the District Court for trial on the sole issue of damages. On April 29, 2013, the Colorado Supreme Court denied Sonitrol’s appeal and the case was returned to the District Court to resolve the sole issue of damages. On April 11, 2014, the damages trial concluded with a jury award of $2.75 million in favor of the Company and its insurers, finding that Sonitrol was liable for damages related only to the burglary and not the subsequent arson. The District Court denied the Company’s motion for post-judgment relief on June 26, 2014. The Company and its insurers have appealed the District Court’s decision. The Company filed its opening brief in March 2015 and is in the briefing process with Sonitrol. The Company is unable to predict when this litigation will be resolved and its ultimate outcome. Any monetary recovery from this lawsuit will be recognized only if and when it is finally paid to the Company.

The Company is subject to certain legal proceedings, claims, investigations and administrative proceedings in the ordinary course of its business. The Company records a provision for a liability when it is both probable that the liability has been incurred and the amount of the liability can be reasonably estimated. These provisions, if any, are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. In the opinion of management, the outcome of pending litigation is not expected to have a material effect on the Company’s results of operations or financial condition.

7. Income Taxes

The Company’s effective tax rate was 39.6% for the three months ended March 31, 2015, compared to 40.0% for the same period in 2014.

The total gross amount of unrecognized tax benefits related to federal, state and foreign taxes was approximately $0.4 million at both March 31, 2015 and December 31, 2014, all of which would impact the Company’s effective tax rate, if recognized. The Company does not expect any significant change in the total gross amount of unrecognized tax benefits through March 31, 2016.

The Company files U.S. federal, state and foreign income tax returns in jurisdictions with varying statutes of limitations. The 2011 to 2014 tax years remain subject to examination by federal authorities. The 2011 to 2014 tax years remain subject to examination by state authorities with the 2010 tax year still open for certain state tax authorities. The 2007 to 2014 tax years remain subject to examination by the tax authorities in Canada.

Table of Contents

8. Employee Benefit Plans

The Company sponsored a qualified defined-benefit pension plan and a post-retirement benefit plan (collectively, "the Pension Plans"). The plans were frozen as of September 30, 1986, and since then there have been no new entrants to the Pension Plans.

The following table provides the components of the net periodic income of the qualified defined-benefit pension plan (in millions):

	Three Months Ended March 31, 2015	2014
PENSION BENEFITS		
Interest cost	$0.4	$0.4
Expected return on plan assets	(0.5)	(0.6)
Amortization of net actuarial loss	0.1	0.1
Net periodic benefit income	$—	$(0.1)

The Company incurred less than $0.1 million in net periodic benefit costs related to the post-retirement benefit plan for the three months ended March 31, 2015 and 2014.

The Company contributed $0.7 million to the Pension Plans during the three months ended March 31, 2014 and none for the same period in 2015. No minimum contribution to the defined-benefit pension plan is required in 2015 and the Company does not expect to make discretionary contributions given the plan's funded status. During the remainder of 2015, the Company expects to contribute a total of $0.2 million to the post-retirement benefit plan.

9. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per common share (dollars and shares in millions, except per share amounts):

	Three Months Ended March 31, 2015			2014		
	Net Income	Weighted-Average Shares Outstanding	Net Income Per Common Share	Net Income	Weighted-Average Shares Outstanding	Net Income Per Common Share
Basic EPS	$5.5	23.2	$0.24	$2.4	23.0	$0.11
Effect of dilutive common share equivalents:						
Restricted stock units		0.1	—		0.2	(0.01)
Diluted EPS	$5.5	23.3	$0.24	$2.4	23.2	$0.10

Note: Basic and diluted earnings per share are calculated based on unrounded actual amounts.

The number of unvested common shares that were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive were 105,165 for the three months ended March 31, 2015 and none for the same period in 2014.

10. Stock-based Compensation Plans

Grant Activities

During the three months ended March 31, 2015 and 2014, the Company granted 60,165 and 95,572 restricted stock units to employees and non-employee directors from the 2010 Long-Term Incentive Plan at a weighted-average grant date fair value of $65.26 and $37.11, respectively.

Table of Contents

In the first quarter of 2015, the Company granted 90,264 performance-based shares to certain of its employees at a weighted-average grant date fair value of $65.21. The performance shares of 90,264 represent the maximum that can be earned. The number of performance shares that employees ultimately earn will be based on the Company's achievement of certain specified performance targets in 2015. In 2014, the Company granted 138,800 performance-based shares to employees at a weighted-average grant date fair value of $36.80, of which 116,800 shares were earned.

Stock-based Compensation Cost

Total stock-based compensation cost recognized in the condensed consolidated statements of operations as a component of selling, general and administrative expenses was $1.9 million and $1.3 million for the three months ended March 31, 2015 and 2014, respectively. Total unrecognized compensation cost related to unvested share-based compensation arrangements was $11.7 million at March 31, 2015, which is expected to be recognized over a weighted-average period of 2.0 years. Total unrecognized compensation cost may be adjusted for any unearned performance shares or forfeited shares.

11. Stockholders' Equity

Dividends

The Board of Directors approved the following cash dividends in 2015 (in millions, except per share data):

Declaration Date	Dividends Per Share	Record Date	Cash Payment Amount	Payment Date
February 27, 2015	$0.13	March 12, 2015	$3.0	March 26, 2015
May 7, 2015	$0.13	May 22, 2015	N/A [1]	June 15, 2015

(1) Amount will be determined based on common stock outstanding as of the record date.

Repurchase of Common Stock

The Company's Board of Directors authorized a share repurchase program that may be discontinued or amended at any time. The program has no expiration date and expires when the amount authorized has been expended or the Board withdraws its authorization. As of March 31, 2015, the Company had $17.7 million available for future share repurchases under the program.

The following table summarizes the Company's stock repurchase activities (in millions, except share and per share data):

	Three Months Ended March 31,	
	2015	2014
Number of shares repurchased	48,892	82,600
Average price per share	$61.36	$36.18
Total repurchase costs	$3.0	$3.0

12. Segment and Geographic Information

The Company is engaged primarily in the business of distributing packaged consumer products to convenience retail stores in the U.S. and Canada (collectively "North America"), which consists of customers that have similar characteristics. Therefore, the Company has determined that it has two operating segments - U.S. and Canada that aggregate to one reportable segment. The Company presents its segment reporting information based on business operations for each of the two geographic areas in which it operates and also by major product category.

Table of Contents

Information about the Company's business operations based on the two geographic areas is as follows (in millions):

	Three Months Ended March 31, 2015	2014
Net sales:		
United States	$2,176.1	$2,039.1
Canada	267.8	256.0
Corporate (1)	8.4	5.8
Total	$2,452.3	$2,300.9
Income (loss) before income taxes:		
United States	$6.5	$3.2
Canada	(0.2)	(0.3)
Corporate (2)	2.8	1.1
Total	$9.1	$4.0
Interest expense:		
United States	$8.2	$7.5
Canada	0.2	0.3
Corporate (3)	(7.8)	(7.1)
Total	$0.6	$0.7
Depreciation and amortization:		
United States	$6.7	$5.5
Canada	0.6	0.7
Corporate (4)	1.4	1.0
Total		