

Rock-Tenn CO
Form 10-Q
August 09, 2010
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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
For the quarterly period ended June 30, 2010

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 1-12613

Rock-Tenn Company

(Exact Name of Registrant as Specified in Its Charter)

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Georgia (State or Other Jurisdiction of Incorporation or Organization)	62-0342590 (I.R.S. Employer Identification No.)
504 Thrasher Street, Norcross, Georgia (Address of Principal Executive Offices)	30071 (Zip Code)
Registrant's Telephone Number, Including Area Code: (770) 448-2193	

N/A

(Former Name, Former Address and Former Fiscal Year, 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 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 (check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of July 29, 2010
Class A Common Stock, \$0.01 par value	38,954,726

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	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Net sales	\$ 771.9	\$ 703.9	\$ 2,194.6	\$ 2,083.3
Cost of goods sold (net of alternative fuel tax credit of \$0, \$32.7, \$28.8 and \$32.7)	595.8	480.8	1,678.7	1,523.9
Gross profit	176.1	223.1	515.9	559.4
Selling, general and administrative expenses	84.9	81.4	252.1	246.4
Restructuring and other costs, net	(0.2)	1.1	4.1	10.8
Operating profit	91.4	140.6	259.7	302.2
Interest expense	(17.8)	(23.2)	(58.5)	(74.2)
Loss on extinguishment of debt	0.0	(1.9)	(2.8)	(4.3)
Interest income and other income (expense), net	0.1	0.0	0.4	(0.1)
Equity in income (loss) of unconsolidated entities	0.3	0.3	0.2	(0.3)
Income before income taxes	74.0	115.8	199.0	223.3
Income tax expense	(27.0)	(27.4)	(60.7)	(66.0)
Consolidated net income	47.0	88.4	138.3	157.3
Less: Net income attributable to noncontrolling interests	(1.9)	(1.4)	(4.1)	(2.3)
Net income attributable to Rock-Tenn Company shareholders	\$ 45.1	\$ 87.0	\$ 134.2	\$ 155.0
Basic earnings per share attributable to Rock-Tenn Company shareholders	\$ 1.16	\$ 2.27	\$ 3.45	\$ 4.05
Diluted earnings per share attributable to Rock-Tenn Company shareholders	\$ 1.14	\$ 2.23	\$ 3.39	\$ 3.99
Cash dividends paid per share	\$ 0.15	\$ 0.10	\$ 0.45	\$ 0.30

See Accompanying Notes to Condensed Consolidated Financial Statements

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ROCK-TENN COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In Millions, Except Share Data)

	June 30, 2010	September 30, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11.4	\$ 11.8
Accounts receivable (net of allowances of \$8.3 and \$8.8)	304.6	305.5
Inventories	259.9	275.1
Other current assets	37.8	65.9
Total current assets	613.7	658.3
Property, plant and equipment at cost:		
Land and buildings	417.2	413.8
Machinery and equipment	1,898.0	1,857.1
Transportation equipment	13.4	13.5
Leasehold improvements	5.4	5.4
	2,334.0	2,289.8
Less accumulated depreciation and amortization	(1,096.1)	(1,013.7)
Net property, plant and equipment	1,237.9	1,276.1
Goodwill	736.4	736.4
Intangibles, net	142.5	151.3
Investment in unconsolidated entities	23.1	23.8
Other assets	30.5	38.5
	\$ 2,784.1	\$ 2,884.4

LIABILITIES AND EQUITY

Current liabilities:		
Current portion of debt	\$ 72.3	\$ 56.3
Accounts payable	230.4	233.9
Accrued compensation and benefits	79.8	88.0
Other current liabilities	67.3	71.1
Total current liabilities	449.8	449.3
Long-term debt due after one year	1,039.7	1,289.3
Hedge adjustments resulting from terminated fair value interest rate derivatives or swaps	2.3	3.8
Total long-term debt	1,042.0	1,293.1
Accrued pension and other long-term benefits	149.5	161.5

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Deferred income taxes	178.9	149.2
Other long-term liabilities	30.5	36.7
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	7.3	11.5
Equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; no shares outstanding	0.0	0.0
Class A common stock, \$0.01 par value; 175,000,000 shares authorized; 38,939,181 and 38,707,695 shares outstanding at June 30, 2010 and September 30, 2009, respectively	0.4	0.4
Capital in excess of par value	283.3	264.5
Retained earnings	730.1	620.3
Accumulated other comprehensive loss	(93.6)	(108.4)
Total Rock-Tenn Company shareholders' equity	920.2	776.8
Noncontrolling interests	5.9	6.3
Total equity	926.1	783.1
	\$ 2,784.1	\$ 2,884.4

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents**ROCK-TENN COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(In Millions)**

	Nine Months Ended June 30,	
	2010	2009
Operating activities:		
Consolidated net income	\$ 138.3	\$ 157.3
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	110.7	112.7
Deferred income tax expense	16.2	24.4
Share-based compensation expense	11.9	8.2
Loss on extinguishment of debt	2.8	4.3
Loss on disposal of plant, equipment and other, net	0.2	0.9
Equity in (income) loss of unconsolidated entities	(0.2)	0.3
Pension funding less (more) than expense	3.1	(10.5)
Alternative fuel tax credit benefit	(29.0)	(33.9)
Impairment adjustments and other non-cash items	2.6	0.0
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	1.2	22.9
Inventories	15.6	(4.5)
Other assets	(5.6)	(14.1)
Accounts payable	(3.7)	(14.9)
Income taxes	58.0	33.0
Accrued liabilities and other	(9.1)	(13.8)
Net cash provided by operating activities	313.0	272.3
Investing activities:		
Capital expenditures	(60.9)	(49.3)
Cash paid for purchase of business, including amounts received from escrow, net of cash received	0.0	4.0
Investment in unconsolidated entities	(0.2)	(1.0)
Return of capital from unconsolidated entities	0.6	