

LOUISIANA-PACIFIC CORP
Form 10-Q
November 08, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)

of the Securities Exchange Act of 1934

For Quarterly Period Ended September 30, 2010

Commission File Number 1-7107

LOUISIANA-PACIFIC CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

93-0609074
(IRS Employer

Identification No.)

414 Union Street, Nashville, TN 37219

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (615) 986-5600

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 (§ 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Smaller reporting company Large accelerated filer Accelerated filer Non-accelerated filer
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: 131,953,897 shares of Common Stock, \$1 par value, outstanding as of November 8, 2010.

Except as otherwise specified and unless the context otherwise requires, references to LP, the Company, we, us, and our refer to Louisiana-Pacific Corporation and its subsidiaries.

ABOUT FORWARD-LOOKING STATEMENTS

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 provide a safe harbor for forward-looking statements to encourage companies to provide prospective information about their businesses and other matters as long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statements. This report contains, and other reports and documents filed by us with the Securities and Exchange Commission may contain, forward-looking statements. These statements are or will be based upon the beliefs and assumptions of, and on information available to, our management.

The following statements are or may constitute forward-looking statements: (1) statements preceded by, followed by or that include words like may, will, could, should, believe, expect, anticipate, intend, plan, estimate, potential, continue or future or the negative thereof and (2) other statements regarding matters that are not historical facts, including without limitation, plans for product development, forecasts of future costs and expenditures, possible outcomes of legal proceedings, capacity expansion and other growth initiatives and the adequacy of reserves for loss contingencies.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to the following:

changes in general economic conditions;

changes in the cost and availability of capital;

changes in the level of home construction activity;

changes in competitive conditions and prices for our products;

changes in the relationship between supply of and demand for building products;

changes in the relationship between supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products;

changes in the cost of and availability of energy, primarily natural gas, electricity and diesel fuel;

changes in other significant operating expenses;

changes in exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, Brazilian *real* and the Chilean *peso*;

changes in general and industry-specific environmental laws and regulations;

changes in tax laws, and interpretations thereof;

changes in circumstances giving rise to environmental liabilities or expenditures;

the resolution of existing and future product-related litigation and other legal proceedings; and

acts of God or public authorities, war, civil unrest, fire, floods, earthquakes and other matters beyond our control.

In addition to the foregoing and any risks and uncertainties specifically identified in the text surrounding forward-looking statements, any statements in the reports and other documents filed by us with the Commission that warn of risks or uncertainties associated with future results, events or circumstances identify important factors that could cause actual results, events and circumstances to differ materially from those reflected in the forward-looking statements.

ABOUT THIRD PARTY INFORMATION

In this report, we rely on and refer to information regarding industry data obtained from market research, publicly available information, industry publications, U.S. government sources and other third parties. Although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified it.

Item 1. Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

(AMOUNTS IN MILLIONS EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

	Quarter Ended		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Net sales	\$ 322.5	\$ 310.5	\$ 1,066.2	\$ 783.4
Operating costs and expenses:				
Cost of sales	291.1	273.1	905.4	732.9
Depreciation, amortization and cost of timber harvested	18.7	22.2	61.5	60.2
Selling and administrative	25.4	26.1	84.1	82.5
(Gain) loss on sale or impairment of long-lived assets, net	0.9	(1.2)	2.1	(2.1)
Other operating credits and charges, net	2.3	(1.6)	2.8	(7.3)
Total operating costs and expenses	338.4	318.6	1,055.9	866.2
Income (loss) from operations	(15.9)	(8.1)	10.3	(82.8)
Other than temporary investment impairment	(16.9)	(0.1)	(16.9)	(1.8)
Interest expense, net of capitalized interest	(15.3)	(21.0)	(49.8)	(55.8)
Investment income	4.9	8.0	15.1	22.4
Foreign currency gains (losses)	(0.4)	1.0	1.0	10.3
Early debt extinguishment		(0.2)		0.4
Non-operating income (expense)	(27.7)	(12.3)	(50.6)	(24.5)
Income (loss) from continuing operations before taxes and equity in losses of unconsolidated affiliates	(43.6)	(20.4)	(40.3)	(107.3)
Provision (benefit) for income taxes	(16.4)	(10.5)	(14.0)	(45.8)
Equity in (income) loss of unconsolidated affiliates	3.7	2.6	3.5	8.5
Income (loss) from continuing operations	(30.9)	(12.5)	(29.8)	(70.0)
Loss from discontinued operations before taxes	(1.3)	(0.4)	(3.6)	(4.8)
Benefit for income taxes	(0.5)	(0.2)	(1.4)	(1.9)
Loss from discontinued operations	(0.8)	(0.2)	(2.2)	(2.9)
Net income (loss)	(31.7)	(12.7)	(32.0)	(72.9)
Less: Net income (loss) attributed to non-controlling interest	0.3	(0.4)	0.2	(0.8)
Net income (loss) attributed to Louisiana-Pacific Corporation	\$ (32.0)	\$ (12.3)	\$ (32.2)	\$ (72.1)
Net income (loss) per share of common stock (basic and diluted):				
Income (loss) from continuing operations	\$ (0.23)	\$ (0.12)	\$ (0.23)	\$ (0.67)
Loss from discontinued operations	(0.01)	(0.00)	(0.02)	(0.03)

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Net income (loss) per share	\$ (0.24)	\$ (0.12)	\$ (0.25)	\$ (0.70)
Average shares of stock outstanding - basic and diluted	131.1	103.4	128.5	103.2
Amounts attributed to LP Corporation common shareholders				
Income (loss) from continuing operations, net of tax	\$ (31.2)	\$ (12.1)	\$ (30.0)	\$ (69.2)
Income (loss) from discontinued operations, net of tax	(0.8)	(0.2)	(2.2)	(2.9)
	\$ (32.0)	\$ (12.3)	\$ (32.2)	\$ (72.1)

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

CONDENSED CONSOLIDATED BALANCE SHEETS

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

(AMOUNTS IN MILLIONS) (UNAUDITED)

	September 30, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	\$ 382.1	\$ 394.1
Receivables, net of allowance for doubtful accounts of \$1.2 at September 30, 2010 and December 31, 2009	81.7	59.9
Income tax receivable	18.0	52.7
Inventories	147.7	140.4
Prepaid expenses and other current assets	7.8	6.2
Deferred income taxes		1.4
Current portion of notes receivable from asset sales		115.1
Assets held for sale	65.8	69.1
Total current assets	703.1	838.9
Timber and timberlands	47.7	50.6
Property, plant and equipment, at cost	2,097.6	2,081.1
Accumulated depreciation	(1,175.2)	(1,116.6)
Net property, plant and equipment	922.4	964.5
Notes receivable from asset sales	533.5	533.5
Long-term investments	36.6	26.3
Restricted cash	15.7	20.8
Investments in and advances to affiliates	112.1	138.5
Deferred debt costs	10.8	13.2
Other assets	28.2	26.6
Long-term deferred tax asset	4.6	7.4
Total assets	\$ 2,414.7	\$ 2,620.3
LIABILITIES AND EQUITY		
Current portion of long-term debt	\$ 0.1	\$ 60.3
Current portion of limited recourse notes payable		113.4
Short-term notes payable		0.4
Accounts payable and accrued liabilities	122.5	123.0
Current portion deferred taxes	1.7	
Current portion of contingency reserves	7.0	10.0
Total current liabilities	131.3	307.1
Long-term debt, excluding current portion	712.7	706.3
Contingency reserves, excluding current portion	29.0	30.8
Other long-term liabilities	117.5	137.2
Deferred income taxes	161.3	164.3
Redeemable non-controlling interest	21.9	21.1
Stockholders' equity:		
Common stock	144.8	139.7
Additional paid-in capital	558.1	562.4
Retained earnings	869.9	902.1
Treasury stock	(279.9)	(286.1)

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Accumulated comprehensive loss	(51.9)	(64.6)
Total stockholders' equity	1,241.0	1,253.5