

RAYONIER INC  
Form 10-Q  
November 04, 2016  
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

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 1-6780

RAYONIER INC.

Incorporated in the State of North Carolina

I.R.S. Employer Identification No. 13-2607329

225 WATER STREET, SUITE 1400

JACKSONVILLE, FL 32202

(Principal Executive Office)

Telephone Number: (904) 357-9100

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.

Large accelerated filer  Accelerated filer

Non-accelerated filer  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, 2016, there were outstanding 122,877,503 Common Shares of the registrant.



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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

RAYONIER INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
AND COMPREHENSIVE INCOME (LOSS)  
(Unaudited)  
(Dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
SALES	\$171,421	\$151,657	\$567,814	\$407,764
Costs and Expenses				
Cost of sales	116,624	116,044	362,790	326,966
Selling and general expenses	10,607	10,689	31,638	34,315
Other operating income, net (Note 15)	(5,499 )	(2,855 )	(20,867 )	(15,567 )
	121,732	123,878	373,561	345,714
OPERATING INCOME	49,689	27,779	194,253	62,050
Interest expense	(8,544 )	(7,581 )	(23,603 )	(24,608 )
Interest income and miscellaneous income (expense), net	258	(1,558 )	(1,115 )	(4,250 )
INCOME BEFORE INCOME TAXES	41,403	18,640	169,535	33,192
Income tax (expense) benefit	(779 )	541	(2,274 )	1,309
NET INCOME	40,624	19,181	167,261	34,501
Less: Net income (loss) attributable to noncontrolling interest	1,269	(488 )	3,613	(1,379 )
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	39,355	19,669	163,648	35,880
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation adjustment, net of income tax expense of \$0, \$429, \$0 and \$1,581	12,022	(13,370 )	28,046	(53,087 )
Cash flow hedges, net of income tax benefit (expense) of \$229, \$185, \$1,293 and \$1,687	4,195	(14,120 )	(22,055 )	(17,983 )
Actuarial change and amortization of pension and postretirement plans, net of income tax expense of \$0, \$66, \$0 and \$404	632	890	1,881	2,414
Total other comprehensive income (loss)	16,849	(26,600 )	7,872	(68,656 )
COMPREHENSIVE INCOME (LOSS)	57,473	(7,419 )	175,133	(34,155 )
Less: Comprehensive income (loss) attributable to noncontrolling interest	3,649	(5,363 )	11,808	(18,884 )
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO RAYONIER INC.	\$53,824	(\$2,056 )	\$163,325	(\$15,271 )
EARNINGS PER COMMON SHARE (Note 11)				
Basic earnings per share attributable to Rayonier Inc.	\$0.32	\$0.16	\$1.34	\$0.28
Diluted earnings per share attributable to Rayonier Inc.	\$0.32	\$0.16	\$1.33	\$0.28
Dividends declared per share	\$0.25	\$0.25	\$0.75	\$0.75

See Notes to Consolidated Financial Statements.



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CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands)

	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$110,039	\$51,777
Accounts receivable, less allowance for doubtful accounts of \$35 and \$42	24,731	20,222
Inventory (Note 16)	16,064	15,351
Prepaid expenses	12,564	12,654
Assets held for sale (Note 18)	47,361	—
Other current assets	3,369	5,681
<b>Total current assets</b>	<b>214,128</b>	<b>105,685</b>