

Veritiv Corp  
Form 10-Q  
August 09, 2018

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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, 2018

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 001-36479

VERITIV CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 46-3234977  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

1000 Abernathy Road NE  
Building 400, Suite 1700  
Atlanta, Georgia 30328  
(Address of principal executive offices) (Zip Code)  
(770) 391-8200  
(Registrant's telephone number, including area code)

Not Applicable  
(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 (§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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer  
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company  
Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares outstanding of the registrant's common stock as of August 3, 2018 was 15,846,139.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

## VERITIV CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data, unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net sales (including sales to related party of \$7.8, \$7.4, \$14.7 and \$16.3, respectively)	\$2,171.9	\$2,028.9	\$4,272.9	\$4,023.5
Cost of products sold (including purchases from related party of \$35.8, \$45.2, \$77.9 and \$92.3, respectively) (exclusive of depreciation and amortization shown separately below)	1,788.5	1,660.5	3,518.0	3,289.8
Distribution expenses	132.0	122.7	265.1	248.9
Selling and administrative expenses	223.6	211.0	446.3	423.3
Depreciation and amortization	14.0	13.7	28.4	26.8
Integration and acquisition expenses	8.4	7.5	16.7	13.9
Restructuring charges, net	11.4	23.2	23.3	27.3
Operating loss	(6.0 )	(9.7 )	(24.9 )	(6.5 )
Interest expense, net	10.2	7.4	19.5	13.8
Other (income) expense, net	(2.9 )	(0.3 )	(13.4 )	0.1
Loss before income taxes	(13.3 )	(16.8 )	(31.0 )	(20.4 )
Income tax benefit	(2.7 )	(7.7 )	(4.6 )	(9.1 )
Net loss	\$(10.6 )	\$(9.1 )	\$(26.4 )	\$(11.3 )
Loss per share:				
Basic and diluted	\$(0.67 )	\$(0.58 )	\$(1.67 )	\$(0.72 )
Weighted average shares outstanding:				
Basic and diluted	15.84	15.70	15.80	15.70

See accompanying Notes to Condensed Consolidated Financial Statements.

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VERITIV CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
 (in millions, unaudited)

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	2017	2018	2017	2018
Net loss				
	\$(10.6)	\$(9.1)	\$(26.4)	\$(11.3)
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(3.9 )	2.6	(4.1 )	5.4
Change in fair value of cash flow hedge, net of \$0.0, \$0.0, \$0.2 and \$0.0 tax, respectively	0.1	0.0	0.1	(0.1 )
Pension liability adjustments, net of \$0.0, \$0.0, \$0.7 and \$0.0 tax, respectively	0.0	0.0	(0.6 )	0.1
Other comprehensive (loss) income	(3.8 )	2.6	(4.6 )	5.4
Total comprehensive loss	\$(14.4)	\$(6.5)	\$(31.0)	\$(5.9 )

See accompanying Notes to Condensed Consolidated Financial Statements.

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VERITIV CORPORATION  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (dollars in millions, except par value, unaudited)

	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash	\$ 69.5	\$ 80.3
Accounts receivable, less allowances of \$52.5 and \$44.0, respectively	1,175.4	1,174.3
Related party receivable	3.4	3.3
Inventories	719.8	