

WestRock Co  
Form 10-Q  
August 09, 2016  
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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, 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 001-37484

WestRock Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware 47-3335141

(State or Other Jurisdiction of (I.R.S. Employer

Incorporation or Organization) Identification No.)

501 South 5<sup>th</sup> Street, Richmond, Virginia 23219-0501

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (804) 444-1000

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  Accelerated filer

Non-accelerated filer  (Do not check if smaller reporting company) 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

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, 2016

Common Stock, \$0.01 par value 251,494,672

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Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2016 Incentive Stock Plan	WestRock Company Incentive Stock Plan
Adjusted Earnings from Continuing Operations Per Diluted Share	As defined on p. 52
Adjusted Income from Continuing Operations	As defined on p. 52
A/R Sales Agreement	As defined on p. 29
Antitrust Litigation	As defined on p. 36
ASC	FASB's Accounting Standards Codification
ASU	Accounting Standards Update
BSF	Billion square feet
Boiler MACT	As defined on p. 34
Business Combination Agreement	The Second Amended and Restated Business Combination Agreement, dated as of April 17, 2015 and amended as of May 5, 2015 by and among WestRock, RockTenn, MWV, RockTenn Merger Sub, and MWV Merger Sub
CERCLA	The Comprehensive Environmental Response, Compensation, and Liability Act of 1980
Clean Power Plan Code	As defined on p. 35
Combination	The Internal Revenue Code of 1986, as amended Pursuant to the Business Combination Agreement, (i) RockTenn Merger Sub was merged with and into RockTenn, with RockTenn surviving the merger as a wholly owned subsidiary of WestRock, and (ii) MWV Merger Sub was merged with and into MWV, with MWV surviving the merger as a wholly owned subsidiary of WestRock, which occurred on July 1, 2015
Common Stock	WestRock common stock, par value \$0.01 per share
containerboard	Linerboard and corrugating medium
Credit Agreement	As defined on p. 28
Credit Facility	As defined on p. 28
EPA	U.S. Environmental Protection Agency
ESPP	WestRock Company Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
Farm Loan Credit Agreement	As defined on p. 28
FIFO	First-in first-out inventory valuation method
Fiscal 2015 Form 10-K	WestRock's Annual Report on Form 10-K for the fiscal year ended September 30, 2015
GAAP	Generally accepted accounting principles in the U.S.
GHG	Greenhouse gases
GPS	Green Power Solutions of Georgia, LLC
Grupo Gondi	Gondi, S.A. de C.V.
IDBs	Industrial Development Bonds
Ingevity	Ingevity Corporation, formerly the Specialty Chemicals business of WestRock Company
LIFO	Last-in first-out inventory valuation method
MWV	WestRock MWV, LLC, formerly MeadWestvaco Corporation
MWV Merger Sub	Milan Merger Sub, LLC

MMSF

Millions of square feet

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Term or Acronym	Definition
Packaging Acquisition	The January 19, 2016 acquisition of certain legal entities formerly owned by Cenveo Inc., in a stock purchase
Pension Act	Pension Protection Act of 2006
PRPs or PRP	Potentially responsible parties
PSD	Prevention of Significant Deterioration
Receivables Facility	Our \$700.0 million receivables-backed financing facility that expires on July 22, 2019
RockTenn	WestRock RKT Company, formerly Rock-Tenn Company
RockTenn Merger Sub	Rome Merger Sub, Inc.
SEC	Securities and Exchange Commission
Separation	The May 15, 2016 distribution of the outstanding common stock, par value \$0.01 per share, of Ingevity to WestRock's shareholders.
SG&A	Selling, general and administrative expenses
Smurfit-Stone	Smurfit-Stone Container Corporation
Smurfit-Stone Acquisition	The May 27, 2011 acquisition of Smurfit-Stone by Rock-Tenn Company
SP Fiber	SP Fiber Holdings, Inc.
SP Fiber Acquisition	The October 1, 2015 acquisition of SP Fiber
SARs	Stock appreciation rights
Title V permit	Operating permits issued under Title V of the Clean Air Act
U.S.	United States
WestRock	WestRock Company
WestRock MWV, LLC	Formerly named MWV
WestRock RKT Company	Formerly named RockTenn

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## PART I: FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS (UNAUDITED)

## WESTROCK COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In Millions, Except Per Share Data)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
			(recast)	
Net sales	\$3,596.5	\$2,538.9	\$10,560.1	\$7,508.7
Cost of goods sold	2,869.2	2,012.6	8,520.8	6,055.8
Gross profit	727.3	526.3	2,039.3	1,452.9
Selling, general and administrative, excluding intangible amortization	341.5	224.7	1,019.4	676.5
Selling, general and administrative intangible amortization	53.3	22.1	159.4	66.6
Pension lump sum settlement and retiree medical curtailment, net	—	(0.4 )	—	11.5
Restructuring and other costs, net	43.1	13.1	317.0	35.7
Operating profit	289.4	266.8	543.5	662.6
Interest expense	(64.0 )	(22.6 )	(193.2 )	(68.9 )
Interest income and other income (expense), net	20.9	(0.7 )	43.2	(1.0 )
Equity in income of unconsolidated entities				