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BOISE CASCADE Co  
Form 10-Q  
May 03, 2016  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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 March 31, 2016

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: 001-35805  
Boise Cascade Company  
(Exact name of registrant as specified in its charter)

Delaware 20-1496201  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1111 West Jefferson Street  
Suite 300  
Boise, Idaho 83702-5389  
(Address of principal executive offices) (Zip Code)

(208) 384-6161  
(Registrant's telephone number, including area code)

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 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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

There were 38,750,677 shares of the registrant's \$0.01 par value common stock outstanding on April 29, 2016.

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## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

Boise Cascade Company  
 Consolidated Statements of Operations  
 (unaudited)

	Three Months Ended March 31	
	2016	2015
	(thousands, except per-share data)	
Sales	\$ 880,695	\$ 809,903
Costs and expenses		
Materials, labor, and other operating expenses (excluding depreciation)	769,544	705,039
Depreciation and amortization	15,238	13,587
Selling and distribution expenses	68,041	61,880
General and administrative expenses	16,052	12,008
Other (income) expense, net	(1,585)	(299)
	867,290	792,215
Income from operations	13,405	17,688
Foreign currency exchange gain (loss)	198	(107)
Interest expense	(5,802)	(5,481)
Interest income	149	90
Change in fair value of interest rate swaps	(69)	—
	(5,524)	(5,498)
Income before income taxes	7,881	12,190
Income tax provision	(2,931)	(4,573)
Net income	\$ 4,950	\$ 7,617
Weighted average common shares outstanding:		
Basic	38,853	39,498
Diluted	38,880	39,622
Net income per common share:		
Basic	\$ 0.13	\$ 0.19
Diluted	\$ 0.13	\$ 0.19

See accompanying condensed notes to unaudited quarterly consolidated financial statements.

Table of ContentsBoise Cascade Company  
Consolidated Statements of Comprehensive Income  
(unaudited)

	Three Months Ended March 31	
	2016	2015
	(thousands)	
Net income	\$4,950	\$7,617
Other comprehensive income, net of tax		
Defined benefit pension plans		
Amortization of actuarial loss, net of tax of \$184 and \$613, respectively	294	985
Effect of settlements, net of tax of \$114 and \$192, respectively	183	309
Other comprehensive income, net of tax	477	1,294
Comprehensive income	\$5,427	\$8,911

See accompanying condensed notes to unaudited quarterly consolidated financial statements.

Table of ContentsBoise Cascade Company  
Consolidated Balance Sheets  
(unaudited)

	March 31, 2016	December 31, 2015
	(thousands)	
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$81,187	\$ 184,496
Receivables		
Trade, less allowances of \$1,950 and \$1,734	278,189	187,138
Related parties	515	1,065
Other	9,035	10,861
Inventories	440,563	384,857
Prepaid expenses and other	9,406	17,153
Total current assets	818,895	785,570
Property and equipment, net	552,782	402,666
Timber deposits	15,907	15,848
Goodwill	56,009	21,823
Intangible assets, net	16,067	10,090
Other assets	11,713	12,609
Total assets	\$1,471,373	\$ 1,248,606

See accompanying condensed notes to unaudited quarterly consolidated financial statements.

Table of ContentsBoise Cascade Company  
Consolidated Balance Sheets (continued)  
(unaudited)

	March 31, 2016	December 31, 2015
	(thousands, except per-share data)	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current		
Accounts payable		
Trade	\$253,030	\$ 159,029
Related parties	1,623	1,442
Accrued liabilities		
Compensation and benefits	47,007	54,712
Interest payable	8,156	3,389
Other	35,941	40,078
Total current liabilities	345,757	258,650
Debt		
Long-term debt	474,356	344,589
Other		
Compensation and benefits	93,678	93,355
Other long-term liabilities	19,259	17,342
	112,937	110,697
Commitments and contingent liabilities		
Stockholders' equity		
Preferred stock, \$0.01 par value per share; 50,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value per share; 300,000 shares authorized, 43,517 and 43,413 shares issued, respectively	435	434
Treasury stock, 4,767 and 4,587 shares at cost, respectively	(126,343 )	(123,711 )
Additional paid-in capital	508,923	508,066
Accumulated other comprehensive loss	(92,538 )	(93,015 )
Retained earnings	247,846	242,896
Total stockholders' equity	538,323	534,670
Total liabilities and stockholders' equity	\$1,471,373	\$ 1,248,606

See accompanying condensed notes to unaudited quarterly consolidated financial statements.



Table of ContentsBoise Cascade Company  
Consolidated Statements of Cash Flows  
(unaudited)

	Three Months Ended March 31	
	2016	2015
	(thousands)	
Cash provided by (used for) operations		
Net income	\$4,950	\$7,617
Items in net income not using (providing) cash		
Depreciation and amortization, including deferred financing costs and other	15,665	13,966
Stock-based compensation	1,693	1,205
Pension expense	739	2,082
Deferred income taxes	1,449	408
Change in fair value of interest rate swaps	69	—
Other	(114)	(517)
Decrease (increase) in working capital, net of acquisitions		
Receivables	(78,308)	(39,190)
Inventories	(38,366)	(38,006)
Prepaid expenses and other	(2,258)	(1,248)
Accounts payable and accrued liabilities	85,782	41,599
Pension contributions	(2,340)	(12,919)
Income taxes payable	10,732	11,358
Other	1,488	(2,339)
Net cash provided by (used for) operations	1,181	(15,984)
Cash provided by (used for) investment		
Expenditures for property and equipment	(15,461)	(12,618)
Acquisitions of businesses and facilities	(215,603)	—
Proceeds from sales of assets and other	144	99
Net cash used for investment	(230,920)	(12,519)
Cash provided by (used for) financing		
Borrowings of long-term debt, including revolving credit facility	130,000	—
Treasury stock purchased	(2,632)	—
Financing costs	(493)	—
Tax withholding payments on stock-based awards	(383)	(1,063)
Other	(62)	533
Net cash provided by (used for) financing	126,430	(530)
Net decrease in cash and cash equivalents	(103,309)	(29,033)
Balance at beginning of the period	184,496	163,549
Balance at end of the period	\$81,187	\$134,516

See accompanying condensed notes to unaudited quarterly consolidated financial statements.



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Condensed Notes to Unaudited Quarterly Consolidated Financial Statements

1. Nature of Operations and Consolidation

Nature of Operations

Boise Cascade Company is a building products company headquartered in Boise, Idaho. As used in this Form 10-Q, the terms "Boise Cascade," "we," and "our" refer to Boise Cascade Company and its consolidated subsidiaries. We are one of the largest producers of plywood and engineered wood products (EWP) in North America and a leading U.S. wholesale distributor of building products.

We operate our business using three reportable segments: (1) Wood Products, which manufactures plywood, EWP, ponderosa pine lumber, studs, and particleboard; (2) Building Materials Distribution, which is a wholesale distributor of building materials; and (3) Corporate and Other, which includes corporate support staff services, related assets and liabilities, pension plan activity, and foreign currency exchange gains and losses. For more information, see Note 12, Segment Information.

Consolidation

The accompanying quarterly consolidated financial statements have not been audited by an independent registered public accounting firm but, in the opinion of management, include all adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods presented. Except as disclosed within these condensed notes to unaudited quarterly consolidated financial statements, the adjustments made were of a normal, recurring nature. Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted. The quarterly consolidated financial statements include the accounts of Boise Cascade and its subsidiaries after elimination of intercompany balances and transactions. Quarterly results are not necessarily indicative of results that may be expected for the full year. These condensed notes to unaudited quarterly consolidated financial s