

KAPSTONE PAPER & PACKAGING CORP

Form 10-Q

August 01, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012

- o 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: 001-33494

KapStone Paper and Packaging Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

20-2699372
(I.R.S. Employer
Identification No.)

KapStone Paper and Packaging Corporation

1101 Skokie Blvd., Suite 300

Northbrook, IL 60062

(Address of Principal Executive Offices, including zip code)

Registrant's Telephone Number, including area code **(847) 239-8800**

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 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

Smaller reporting company

(Do not check if a 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

There were 46,714,963 shares of the Registrant's Common Stock, \$0.0001 par value, outstanding at July 24, 2012, excluding 40,000 shares held as treasury shares.

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	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,683	\$ 8,062
Trade accounts receivable, less allowances of \$307 in 2012 and \$571 in 2011	114,723	108,320
Other receivables	6,721	11,247
Inventories	109,947	110,054
Prepaid expenses and other current assets	6,979	4,207
Deferred income taxes	11,770	10,048
Total current assets	259,823	251,938
Plant, property and equipment, net	566,151	567,195
Other assets	4,209	4,313
Intangible assets, net	59,282	63,715
Goodwill	235,334	237,193
Total assets	\$ 1,124,799	\$ 1,124,354
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt	\$	\$ 6,094
Other current borrowings	1,552	
Accounts payable	84,263	81,051
Accrued expenses	22,579	21,217
Accrued compensation costs	20,136	27,445
Total current liabilities	128,530	135,807
Other liabilities:		
Long-term debt, net of current portion	293,355	335,635
Pension and post-retirement benefits	10,230	10,676
Deferred income taxes	96,687	84,316
Other liabilities	11,157	11,642
Total other liabilities	411,429	442,269
Commitments and contingencies		
Stockholders equity:		

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Preferred stock \$0.0001 par value; 1,000,000 shares authorized; no shares issued and outstanding

Common stock \$0.0001 par value, 175,000,000 shares authorized; 46,703,892 shares issued and outstanding (40,000 treasury shares outstanding) at June 30, 2012 and 46,449,695 issued and outstanding (40,000 treasury shares outstanding) at December 31, 2011

Additional paid-in capital	5	5
Retained earnings	235,123	230,665
Accumulated other comprehensive loss	352,035	318,068
Total stockholders' equity	(2,323)	(2,460)
	584,840	546,278
Total liabilities and stockholders' equity	\$ 1,124,799	\$ 1,124,354

See notes to consolidated financial statements.

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KAPSTONE PAPER AND PACKAGING CORPORATION
Consolidated Statements of Income and Comprehensive Income
(In thousands, except share and per share amounts)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	\$ 306,259	\$ 214,786	\$ 606,102	\$ 421,524
Cost of sales, excluding depreciation and amortization	213,335	143,143	427,409	285,794
Depreciation and amortization	15,327	12,778	30,503	24,569
Freight and distribution expenses	27,936	19,681		