

Veritiv Corp  
Form 10-Q  
May 10, 2016

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 March 31, 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 001-36479

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, 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  (Do not check if a 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 Act). Yes  No

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The number of shares outstanding of the registrant's common stock as of May 6, 2016 was 16,000,753.

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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 March 31,	
	2016	2015
Net sales (including sales to related party of \$9.0 and \$9.0, respectively)	\$2,019.8	\$2,137.9
Cost of products sold (including purchases from related party of \$56.3 and \$69.5, respectively) (exclusive of depreciation and amortization shown separately below)	1,654.5	1,761.9
Distribution expenses	127.5	130.7
Selling and administrative expenses	200.9	210.6
Depreciation and amortization	13.5	13.5
Integration expenses	6.2	10.0
Restructuring charges	1.7	3.4
Operating income	15.5	7.8
Interest expense, net	6.5	6.4
Other expense, net	1.5	3.5
Income (loss) before income taxes	7.5	(2.1 )
Income tax expense	4.2	0.1
Net income (loss)	\$3.3	\$(2.2 )
Earnings (loss) per share:		
Basic and diluted earnings (loss) per share	\$0.21	\$(0.14 )
Weighted average shares outstanding:		
Basic and diluted	16.00	16.00

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2016	2015
Net income (loss)	\$3.3	\$(2.2)
Other comprehensive income (loss):		
Foreign currency translation adjustments	3.8	(6.6 )
Change in fair value of cash flow hedge, net of \$0.1 tax for 2016	(0.3 )	—
Pension liability adjustments, net of \$0.1 tax for 2016	0.1	—
Other comprehensive income (loss)	3.6	(6.6 )
Total comprehensive income (loss)	\$6.9	\$(8.8)

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)

	March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash	\$47.7	\$54.4
Accounts receivable, less allowances of \$33.3 and \$33.3, respectively	985.8	1,037.5
Related party receivable	4.5	3.9
Inventories	728.4	720.6
Other current assets	118.1	108.8
Total current assets	1,884.5	1,925.2
Property and equipment, net	359.3	363.7
Goodwill	50.2	50.2
Other intangibles, net	29.3	30.2
Deferred income tax assets	70.8	73.3
Other non-current assets	33.1	34.3
Total assets	\$2,427.2	\$2,476.9
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$590.6	\$565.1
Related party payable	10.7	10.7
Accrued payroll and benefits	104.8	120.5
Other accrued liabilities	89.6	100.4
Current maturities of long-term debt	2.6	2.8
Financing obligations to related party, current portion	14.9	14.7
Total current liabilities	813.2	814.2
Long-term debt, net of current maturities	749.0	800.5
Financing obligations to related party, less current portion	194.7	197.8
Defined benefit pension obligations	28.8	28.7
Other non-current liabilities	102.5	105.6
Total liabilities	1,888.2	1,946.8
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 10.0 million shares authorized, none issued	—	—
Common stock, \$0.01 par value, 100.0 million shares authorized, 16.0 million shares issued and outstanding	0.2	0.2
Additional paid-in capital	568.2	566.2
Accumulated earnings (deficit)	2.0	(1.3 )
Accumulated other comprehensive loss	(31.4 )	(35.0 )
Total shareholders' equity	539.0	