

Neenah Inc
Form 10-Q
May 10, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 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: 001-32240

(Exact name of registrant as specified in its charter)

Delaware 20-1308307
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

3460 Preston Ridge Road 30005
Alpharetta, Georgia
(Address of principal executive offices) (Zip Code)

(678) 566-6500
(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, 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. (Check one):

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

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 Exchange Act). Yes No

As of May 2, 2018, there were approximately 16,813,846 shares of the Company's common stock outstanding.

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Part I—FINANCIAL INFORMATION

Item 1. Financial Statements

NEENAH, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share data)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Net sales	\$266.5	\$242.1
Cost of products sold	214.1	189.4
Gross profit	52.4	52.7
Selling, general and administrative expenses	26.8	24.6
SERP settlement charge	0.8	—
Other expense - net (Note 2)	0.7	1.1
Operating income	24.1	27.0
Interest expense - net	3.3	3.2
Income from continuing operations before income taxes	20.8	23.8
Provision for income taxes	4.6	6.2
Net income	\$16.2	\$17.6
Earnings Per Common Share		
Basic	\$0.96	\$1.04
Diluted	\$0.95	\$1.03
Weighted Average Common Shares Outstanding (in thousands)		
Basic	16,847	16,779
Diluted	17,006	17,025
Cash Dividends Declared Per Share of Common Stock	\$0.41	\$0.37

See Notes to Condensed Consolidated Financial Statements

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NEENAH, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Net income	\$16.2	\$17.6
Unrealized foreign currency translation gain	5.5	1.7
Reclassification of amortization of adjustments to pension and other postretirement benefit liabilities recognized in net periodic benefit cost (Note 8)	1.6	2.0
Reclassification of pension settlement charge (Note 8)	0.8	—
Net gain from pension and other postretirement benefit plans (Note 5)	0.4	—
Unrealized gain on "available-for-sale" securities	—	0.1
Income from other comprehensive income items	8.3	3.8
Provision for income taxes	1.0	0.8
Other comprehensive income	7.3	3.0
Comprehensive income	\$23.5	\$20.6

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	March 31, December 31,	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6.4	\$ 4.5
Accounts receivable (less allowances of \$1.4 million and \$1.3 million)	133.6	115.7
Inventories	144.5	143.5
Prepaid and other current assets	19.5	21.5
Total Current Assets	304.0	285.2
Property, Plant and Equipment		
Property, Plant and Equipment, at cost	862.2	850.5
Less accumulated depreciation	435.4	425.3
Property, plant and equipment—net	426.8	425.2
Deferred Income Taxes	10.3	10.1
Goodwill	87.7	85.3
Intangible Assets—net	78.2	78.7
Other Noncurrent Assets	16.6	19.9
TOTAL ASSETS	\$ 923.6	\$ 904.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Debt payable within one year	\$ 1.4	\$ 1.4
Accounts payable	64.4	65.7
Accrued expenses	55.1	57.5
Total Current Liabilities		