

KAPSTONE PAPER & PACKAGING CORP

Form 10-Q

July 27, 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 June 30, 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: 001-33494

KapStone Paper and Packaging Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	20-2699372
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

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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 96,571,405 shares of the Registrant's Common Stock, \$0.0001 par value, outstanding at July 20, 2016.

KAPSTONE PAPER AND PACKAGING CORPORATION

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PART 1. FINANCIAL INFORMATION

ITEM 1. - FINANCIAL STATEMENTS

KAPSTONE PAPER AND PACKAGING CORPORATION

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,890	\$ 6,821
Trade accounts receivable (Includes \$381,999 at June 30, 2016, and \$345,372 at December 31, 2015, associated with the receivables credit facility)	415,131	363,869
Other receivables	12,682	18,732
Inventories	331,642	335,903
Prepaid expenses and other current assets	15,124	28,932
Total current assets	782,469	754,257
Plant, property and equipment, net	1,411,362	1,406,146
Other assets	10,792	12,532
Intangible assets, net	327,235	344,583
Goodwill	704,592	704,592
Total assets	\$ 3,236,450	\$ 3,222,110
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	\$ 16,000	\$ 6,400
Dividend payable	9,907	9,862
Accounts payable	182,376	196,491
Accrued expenses	63,864	73,138
Accrued compensation costs	52,215	64,149
Accrued income taxes	2,288	15
Total current liabilities	326,650	350,055
Other liabilities:		
Long-term debt (Includes \$259,538 at June 30, 2016, and \$265,614 at December 31, 2015, associated with the receivables credit facility)	1,537,028	1,543,748
Pension and postretirement benefits	37,830	40,510
Deferred income taxes	420,843	418,479
Other liabilities	44,993	24,038
Total other liabilities	2,040,694	2,026,775
Stockholders' equity:		
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; 96,530,362 shares issued and outstanding (excluding 40,000 treasury shares) at June 30, 2016 and 96,327,506 shares issued and outstanding (excluding 40,000 treasury shares) at December 31, 2015