

WestRock Co  
Form 10-Q  
February 07, 2018  
Table of Contents

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 December 31, 2017

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 001-37484

WestRock Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware 47-3335141  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

1000 Abernathy Road NE, Atlanta, Georgia 30328  
(Address of Principal Executive Offices) (Zip Code)  
Registrant's Telephone Number, Including Area Code: (770) 448-2193

N/A

(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, a 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):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if smaller reporting company) 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

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Class	Outstanding as of January 26, 2018
Common Stock, \$0.01 par value	255,127,173

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Table of Contents

WESTROCK COMPANY  
INDEX

	Page
<b>PART I <u>FINANCIAL INFORMATION</u></b>	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Statements of Income for the three months ended December 31, 2017 and 2016</u>	3
<u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended December 31, 2017 and 2016</u>	4
<u>Condensed Consolidated Balance Sheets at December 31, 2017 and September 30, 2017</u>	5
<u>Condensed Consolidated Statement of Equity for the three months ended December 31, 2017</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the three months ended December 31, 2017 and 2016</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	9
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	26
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	39
Item 4. <u>Controls and Procedures</u>	39
<b>PART II <u>OTHER INFORMATION</u></b>	
Item 1. <u>Legal Proceedings</u>	40
Item 1A. <u>Risk Factors</u>	40
Item 6. <u>Exhibits</u>	41
<u>Index to Exhibits</u>	42

Table of Contents

## PART I: FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS (UNAUDITED)

WESTROCK COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In Millions, Except Per Share Data)

	Three Months Ended December 31,	
	2017	2016
Net sales	\$3,894.0	\$3,447.2
Cost of goods sold	3,111.6	2,855.9
Selling, general and administrative, excluding intangible amortization	366.2	336.3
Selling, general and administrative intangible amortization	72.5	52.6
Multiemployer pension withdrawal	180.0	—
Land and Development impairment	27.6	—
Restructuring and other costs	16.3	81.0
Operating profit	119.8	121.4
Interest expense, net	(64.8 )	(54.1 )
Loss on extinguishment of debt	(1.0 )	—
Other income, net	2.5	1.1
Equity in income of unconsolidated entities	3.8	13.7
Income before income taxes	60.3	82.1
Income tax benefit (expense)	1,073.2	(3.6 )
Consolidated net income	1,133.5	78.5
Less: Net loss attributable to noncontrolling interests	1.6	2.4
Net income attributable to common stockholders	\$1,135.1	\$80.9
Basic earnings per share attributable to common stockholders	\$4.45	\$0.32
Diluted earnings per share attributable to common stockholders	\$4.38	\$0.32
Basic weighted average shares outstanding	255.0	251.2
Diluted weighted average shares outstanding	259.2	255.3
Cash dividends paid per common share	\$0.43	\$0.40

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents

## WESTROCK COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(In Millions)

	Three Months Ended December 31,	
	2017	2016
Consolidated net income	\$ 1,133.5	\$ 78.5
Other comprehensive income, net of tax:		
Foreign currency translation loss	(41.9 )	(110.7 )
Derivatives:		
Deferred (loss) gain on cash flow hedges	(0.1 )	0.1
Reclassification adjustment of net loss on cash flow hedges included in earnings	0.5	—
Unrealized gain on available for sale security	0.8	—
Defined benefit pension plans:		
Net actuarial loss arising during the period	—	(10.2 )
Amortization and settlement recognition of net actuarial loss, included in pension cost	3.3	4.4
Prior service cost arising during the period	(2.7 )	—
Amortization and curtailment recognition of prior service cost, included in pension cost	—	0.2
Other comprehensive loss, net of tax	(40.1 )	(116.2 )
Comprehensive income (loss)	1,093.4	(37.7 )
Less: Comprehensive loss attributable to noncontrolling interests	1.4	2.9
Comprehensive income (loss) attributable to common stockholders	\$ 1,094.8	\$ (34.8 )

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents

WESTROCK COMPANY  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (Unaudited)  
 (In Millions, Except Per Share Data)

	December 31, 2017	September 30, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 306.4	\$ 298.1
Restricted cash	5.9	5.9
Accounts receivable (net of allowances of \$45.9 and \$45.8)	1,804.3	1,886.8
Inventories	1,869.2	1,797.3
Other current assets	317.0	329.2
Assets held for sale	162.4	173.6
Total current assets	4,465.2	4,490.9
Property, plant and equipment,		