

RAYONIER INC  
Form 10-Q  
April 26, 2013  
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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, 2013

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 1-6780

RAYONIER INC.

Incorporated in the State of North Carolina

I.R.S. Employer Identification No. 13-2607329

1301 RIVERPLACE BOULEVARD

JACKSONVILLE, FL 32207

(Principal Executive Office)

Telephone Number: (904) 357-9100

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 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

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

As of April 18, 2013, there were outstanding 126,025,778 Common Shares of the registrant.



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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

RAYONIER INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
AND COMPREHENSIVE INCOME

(Unaudited)

(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2013	2012
SALES	\$393,719	\$336,571
Costs and Expenses		
Cost of sales	266,018	235,708
Selling and general expenses	16,099	19,265
Other operating income, net	(3,503)	(1,139)
	278,614	253,834
Equity in income of New Zealand joint venture	258	13
OPERATING INCOME	115,363	82,750
Interest expense	(7,717)	(11,825)
Interest and miscellaneous income (expense), net	57	(23)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	107,703	70,902
Income tax expense	(4,445)	(18,303)
INCOME FROM CONTINUING OPERATIONS	103,258	52,599
DISCONTINUED OPERATIONS, NET (Note 2)		
Income from discontinued operations, net of income tax expense of \$22,273 and \$422	44,477	838
NET INCOME	147,735	53,437
OTHER COMPREHENSIVE INCOME		
Foreign currency translation adjustment	975	5,825
New Zealand joint venture cash flow hedges	554	1,205
Gain from pension and postretirement plans, net of income tax expense of \$2,204 and \$1,368	4,969	3,140
Total other comprehensive income	6,498	10,170
COMPREHENSIVE INCOME	\$154,233	\$63,607
EARNINGS PER COMMON SHARE (Note 3)		
BASIC EARNINGS PER SHARE		
Continuing Operations	\$0.83	\$0.43
Discontinued Operations	0.36	0.01
Net Income	\$1.19	\$0.44
DILUTED EARNINGS PER SHARE		
Continuing Operations	\$0.79	\$0.41
Discontinued Operations	0.34	0.01
Net Income	\$1.13	\$0.42
Dividends per share	\$0.44	\$0.40

See Notes to Consolidated Financial Statements.



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RAYONIER INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(Dollars in thousands)

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$266,017	\$280,596
Accounts receivable, less allowance for doubtful accounts of \$503 and \$417	105,693	100,359
Inventory		
Finished goods	95,614	103,568
Work in progress	2,404	4,446
Raw materials	13,482	17,602
Manufacturing and maintenance supplies	2,143	2,350
Total inventory	113,643	127,966
Deferred tax assets	66,509	15,845
Prepaid and other current assets	38,896	41,508
Total current assets	590,758	566,274
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	1,565,782	1,573,309
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	21,804	27,383
Buildings	134,337	147,445
Machinery and equipment	1,389,212	1,444,012
Construction in progress	327,353	268,459
Total property, plant and equipment, gross	1,872,706	1,887,299
Less — accumulated depreciation	(1,112,468)	(1,180,261)
Total property, plant and equipment, net	760,238	707,038
INVESTMENT IN JOINT VENTURE (Note 6)	73,830	72,419
OTHER ASSETS	211,677	203,911
<b>TOTAL ASSETS</b>	<b>\$3,202,285</b>	<b>\$3,122,951</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$108,493	\$70,381
Current maturities of long-term debt	50,000	150,000
Accrued taxes	30,059	13,824
Accrued payroll and benefits	18,471	28,068
Accrued interest	11,200	7,956
Accrued customer incentives	8,936	10,849
Other current liabilities	25,168	18,640
Current liabilities for dispositions and discontinued operations (Note 11)	8,398	8,105
Total current liabilities	260,725	