

KAPSTONE PAPER & PACKAGING CORP
Form 10-Q
May 05, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period year ended March 31, 2010

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES AND 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
(State or Other Jurisdiction of
Incorporation or Organization)

20-2699372
(I.R.S. Employer
Identification No.)

KapStone Paper and Packaging Corporation

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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 Exchange Act 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
(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 Exchange Act).
Yes No

There were 45,865,857 shares of the Registrant's Common Stock, \$0.0001 par value, outstanding at April 30, 2010, excluding 40,000 shares held as treasury shares.

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	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,851	\$ 2,440
Trade accounts receivable, less allowances of \$1,256 in 2010 and \$1,217 in 2009	59,187	58,408
Other receivables	10,497	16,487
Inventories	69,715	61,377
Refundable and prepaid income taxes	18,008	13,757
Prepaid expenses and other current assets	5,860	1,690
Restricted cash	2,500	2,500
Deferred income taxes	5,603	5,604
Total current assets	175,221	162,263
Plant, property and equipment, net	466,668	470,278
Other assets	5,471	4,935
Intangible assets, net	25,315	26,198
Goodwill	4,811	5,449
Total assets	\$ 677,486	\$ 669,123
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt	\$ 18,267	\$ 18,630
Borrowings under revolving credit facility	4,500	7,400
Other current borrowings	1,712	
Accounts payable	57,664	52,147
Accrued expenses	21,053	20,800
Accrued compensation costs	9,015	7,719
Total current liabilities	112,211	106,696
Other liabilities:		
Long-term debt, net of current portion	107,929	121,031

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Pension and post-retirement benefits	6,141	5,949
Deferred income taxes	41,475	38,577
Other liabilities	53,644	48,080
Total other liabilities	209,189	213,637
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$.0001 par value; 1,000,000 shares authorized; no shares issued and outstanding		
Common stock \$.0001 par value, 175,000,000 shares authorized; 45,814,917 shares issued and outstanding (40,000 treasury shares outstanding) at March 31, 2010 and 45,418,074 issued and outstanding (40,000 treasury shares outstanding) at December 31, 2009		
	5	5
Additional paid-in capital	220,821	219,828
Retained earnings	135,437	129,046
Accumulated other comprehensive loss	(177)	(89)
Total stockholders' equity	356,086	348,790
Total liabilities and stockholders' equity	\$ 677,486	\$ 669,123

See notes to consolidated financial statement

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KapStone Paper and Packaging Corporation

Consolidated Statements of Income

(In thousands, except share and per share amounts)

(unaudited)

	Three Months Ended March 31,	
	2010	2009
Net sales	\$ 176,499	\$ 140,584
Cost of sales, excluding depreciation and amortization	130,301	96,484
Freight and distribution expenses	16,070	