

WEYERHAEUSER CO  
Form 10-Q  
October 26, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 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: 1-4825

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WEYERHAEUSER COMPANY

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Washington 91-0470860  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)

220 Occidental Avenue South 98104-7800  
Seattle, Washington (Address of principal executive offices) (Zip Code)  
(206) 539-3000  
(Registrant's telephone number, including area code)

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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.

Large accelerated filer  Accelerated filer  Non-accelerated filer

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.

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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 October 22, 2018, 749,200,027 shares of the registrant's common stock (\$1.25 par value) were outstanding.

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## FINANCIAL INFORMATION

WEYERHAEUSER COMPANY  
CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES	QUARTER ENDED		YEAR-TO-DATE ENDED	
	SEPTEMBER 2018	SEPTEMBER 2017	SEPTEMBER 2018	SEPTEMBER 2017
Net sales <u>(Note 3)</u>	\$1,910	\$ 1,872	\$5,840	\$ 5,373
Costs of products sold	1,452	1,374	4,247	3,982
Gross margin	458	498	1,593	1,391
Selling expenses	20	22	66	66
General and administrative expenses	78	75	236	238
Research and development expenses	2	4	6	12
Charges for integration and restructuring, closures and asset impairments <u>(Note 15)</u>	—	14	2	178
Charges (recoveries) for product remediation, net <u>(Note 16)</u>	—	190	—	240
Other operating costs (income), net <u>(Note 17)</u>	21	(12	) 66	2
Operating income	337	205	1,217	655
Non-operating pension and other postretirement benefit costs	(17	) (16	) (54	) (46
Interest income and other	13	12	36	30
Interest expense, net of capitalized interest	(93	) (98	) (278	) (297
Earnings before income taxes	240	103	921	342
Income taxes <u>(Note 18)</u>	15	27	(80	) (31
Net earnings	\$255	\$ 130	\$841	\$ 311
Earnings per share, basic and diluted <u>(Note 5)</u>	\$0.34	\$ 0.17	\$1.11	\$ 0.41
Dividends paid per share	\$0.34	\$ 0.31	\$0.98	\$ 0.93
Weighted average shares outstanding (in thousands) <u>(Note 5)</u> :				
Basic	754,986	753,535	756,531	752,301
Diluted	757,389	756,903	759,116	756,058

See accompanying Notes to Consolidated Financial Statements.

WEYERHAEUSER COMPANY  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

DOLLAR AMOUNTS IN MILLIONS	QUARTER ENDED		YEAR-TO-DATE ENDED	
	SEPTEMBER 2018	SEPTEMBER 2017	SEPTEMBER 2018	SEPTEMBER 2017
Net earnings	\$255	\$ 130	\$ 841	\$ 311
Other comprehensive income (loss):				
Foreign currency translation adjustments	15	24	(16 )	35
Changes in unamortized actuarial loss, net of tax of \$12, \$12, \$94, and \$62	38	18	291	90
Changes in unamortized net prior service credit, net of tax of \$0, \$0, \$1, and \$1	(2 )	(1 )	(3 )	(5 )
Unrealized gains on available-for-sale securities	—	1	—	2
Total other comprehensive income	51	42	272	122
Total comprehensive income	\$306	\$ 172	\$ 1,113	\$ 433

See accompanying Notes to Consolidated Financial Statements.

WEYERHAEUSER COMPANY  
CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA	SEPTEMBER 30, 2018	DECEMBER 31, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 348	\$ 824
Receivables, less discounts and allowances of \$1 and \$1	444	396
Receivables for taxes	140	14
Inventories <u>(Note 6)</u>	389	383
Prepaid expenses and other current assets	140	98
Current restricted financial investments held by variable interest entities <u>(Note 7)</u>	253	—
Total current assets	1,714	1,715
Property and equipment, less accumulated depreciation of \$3,411 and \$3,338	1,672	1,618
Construction in progress	255	225
Timber and timberlands at cost, less depletion	12,727	12,954
Minerals and mineral rights, less depletion	297	308
Goodwill	40	40
Deferred tax assets	71	268
Other assets	289	316
Restricted financial investments held by variable interest entities <u>(Note 7)</u>	362	615
Total assets	\$ 17,427	\$ 18,059
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt <u>(Note 10)</u>	\$ —	\$ 62
Current debt (nonrecourse to the company) held by variable interest entities <u>(Note 7)</u>	511	209
Accounts payable	271	249
Accrued liabilities <u>(Note 9)</u>	491	645
Total current liabilities	1,273	1,165
Long-term debt <u>(Note 10)</u>	5,921	5,930
Long-term debt (nonrecourse to the company) held by variable interest entities <u>(Note 7)</u>	—	302
Deferred pension and other postretirement benefits <u>(Note 8)</u>	885	1,487
Other liabilities	291	276
Total liabilities	8,370	9,160
Commitments and contingencies <u>(Note 12)</u>		
Equity:		
Common shares: \$1.25 par value; authorized 1,360,000,000 shares; issued and outstanding: 749,198,651 shares at September 30, 2018 and 755,222,727 shares at December 31, 2017	936	944
Other capital	8,234	8,439
Retained earnings	1,439	1,078
Accumulated other comprehensive loss <u>(Note 13)</u>	(1,552	) (1,562
Total equity	9,057	8,899
Total liabilities and equity	\$ 17,427	\$ 18,059
See accompanying Notes to Consolidated Financial Statements.		



## WEYERHAEUSER COMPANY

## CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

DOLLAR AMOUNTS IN MILLIONS	YEAR-TO-DATE	
	ENDED	
	SEPTEMBER	SEPTEMBER
	2018	2017
Cash flows from operations:		
Net earnings	\$ 841	\$ 311
Noncash charges to earnings:		
Depreciation, depletion and amortization	361	394
Basis of real estate sold	80	48
Deferred income taxes, net	111	9
Pension and other postretirement benefits <u>(Note 8)</u>	82	72
Share-based compensation expense	31	29
Charges for impairment of assets <u>(Note 15)</u>	1	153
Change in:		
Receivables, less allowances	(55 )	(113 )
Receivables and payables for taxes	(109 )	(116 )
Inventories	(9 )	4
Prepaid expenses	(7 )	(9 )
Accounts payable and accrued liabilities	(133 )	184
Pension and postretirement benefit contributions and payments	(355 )	(59 )
Other	(19 )	(60 )
Net cash from operations	820	847
Cash flows from investing activities:		
Capital expenditures for property and equipment	(238 )	(213 )
Capital expenditures for timberlands reforestation	(45 )	(46 )
Proceeds from sale of assets and operations	2	423
Other	17	28
Net cash from (used in) investing activities	(264 )	192
Cash flows from financing activities:		
Cash dividends on common shares	(741 )	(699 )
Proceeds from issuance of long-term debt <u>(Note 10)</u>	—	225
Payments of long-term debt <u>(Note 10)</u>	(62 )	(831 )
Proceeds from borrowings on line of credit <u>(Note 10)</u>	—	100
Payments on line of credit <u>(Note 10)</u>	—	(100 )
Repurchases of common shares <u>(Note 5)</u>	(273 )	—
Proceeds from exercise of stock options	52	89
Other	(8 )	(2 )
Net cash used in financing activities	(1,032 )	(1,218 )
Net change in cash and cash equivalents	(476 )	(179 )
Cash and cash equivalents at beginning of period	824	676
Cash and cash equivalents at end of period	\$ 348	\$ 497
Cash paid during the period for:		
Interest, net of amount capitalized of \$8 and \$6	\$ 285	\$ 315
Income taxes	\$ 80	\$ 129

See accompanying Notes to Consolidated Financial Statements.





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