

GLATFELTER P H CO  
Form 10-Q  
August 02, 2016  
Table of Contents

**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 Exchange Act of 1934**  
**For the quarterly period ended June 30, 2016**

**or**

.. **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the transition period from                      to**

**96 South George Street, Suite 520**

**York, Pennsylvania 17401**

**(Address of principal executive offices)**

**(717) 225-4711**

**(Registrant's telephone number, including area code)**

<b>Commission</b>	<b>Exact name of registrant as</b>	<b>IRS Employer</b>	<b>State or other jurisdiction of</b>
<b>file number</b>	<b>specified in its charter</b>	<b>Identification No.</b>	<b>incorporation or organization</b>
<b>1-03560</b>	<b>P. H. Glatfelter Company</b>	<b>23-0628360</b>	<b>Pennsylvania</b>
		<b>N/A</b>	

**(Former name or former address, 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 at 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 small 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  (Do not check if a smaller reporting company). Small 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 .

**Common Stock outstanding on July 29, 2016 totaled 43,547,739 shares.**

Table of Contents

**P. H. GLATFELTER COMPANY AND  
SUBSIDIARIES  
REPORT ON FORM 10-Q  
For the QUARTERLY PERIOD ENDED  
June 30, 2016  
Table of Contents**

		<b>Page</b>
<b><u>PART I - FINANCIAL INFORMATION</u></b>		
Item 1	<u>Financial Statements</u>	
	<u>Condensed Consolidated Statements of Income for the three months and six months ended June 30, 2016 and 2015 (unaudited)</u>	2
	<u>Condensed Consolidated Statements of Comprehensive Income for the three months and six months ended June 30, 2016 and 2015 (unaudited)</u>	3
	<u>Condensed Consolidated Balance Sheets as of June 30, 2016 and December 31, 2015 (unaudited)</u>	4
	<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2016 and 2015 (unaudited)</u>	5
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	
	1. <u>Organization</u>	6
	2. <u>Accounting Policies</u>	6
	3. <u>Earnings Per Share</u>	7
	4. <u>Accumulated Other Comprehensive Income</u>	8
	5. <u>Income Taxes</u>	9
	6. <u>Stock-based Compensation</u>	10
	7. <u>Retirement Plans and Other Post-Retirement Benefits</u>	11
	8. <u>Inventories</u>	12
	9. <u>Long-term Debt</u>	12
	10. <u>Asset Retirement Obligations</u>	13
	11. <u>Fair Value of Financial Instruments</u>	13
	12. <u>Financial Derivatives and Hedging Activities</u>	14
	13. <u>Commitments, Contingencies and Legal Proceedings</u>	16
	14. <u>Segment Information</u>	21
	15. <u>Condensed Consolidating Financial Statements</u>	22
Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risks</u>	39
Item 4	<u>Controls and Procedures</u>	39

**PART II - OTHER INFORMATION**

Item 6	<u>Exhibits</u>	40
	<b><u>SIGNATURES</u></b>	40

Table of Contents

## PART I

## Item 1 Financial Statements

**P. H. GLATFELTER COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

<i>In thousands, except per share</i>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
Net sales	<b>\$ 406,413</b>	\$ 410,803	<b>\$ 808,631</b>	\$ 828,272
Energy and related sales, net	<b>2,001</b>	715	<b>2,667</b>	2,783
Total revenues	<b>408,414</b>	411,518	<b>811,298</b>	831,055
Costs of products sold	<b>365,691</b>	378,685	<b>710,732</b>	746,114
Gross profit	<b>42,723</b>	32,833	<b>100,566</b>	84,941
Selling, general and administrative expenses	<b>37,191</b>	29,137	<b>69,049</b>	60,409
(Gains) losses on dispositions of plant, equipment and timberlands, net	<b>2</b>	(111)	<b>26</b>	(2,765)
Operating income	<b>5,530</b>	3,807	<b>31,491</b>	27,297
Non-operating income (expense)				
Interest expense	<b>(3,953)</b>	(4,352)	<b>(8,069)</b>	(8,860)
Interest income	<b>61</b>	77	<b>152</b>	142
Other, net	<b>317</b>	215	<b>(383)</b>	28
Total non-operating expense	<b>(3,575)</b>	(4,060)	<b>(8,300)</b>	(8,690)