

POTLATCHDELTAIC CORP  
Form 10-Q  
May 01, 2019

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, 2019

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 1-32729

PotlatchDeltic Corporation

(Exact name of registrant as specified in its charter)

Delaware 82-0156045  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)

601 West First Avenue, Suite 1600  
Spokane, Washington 99201  
(Address of principal executive offices) (Zip Code)

(509) 835-1500

(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, if any, every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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

The number of shares of common stock of the registrant outstanding as of April 26, 2019 was 67,587,962.

POTLATCHDELTAIC CORPORATION AND CONSOLIDATED SUBSIDIARIES

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## Part I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## PotlatchDeltic Corporation and Consolidated Subsidiaries

## Condensed Consolidated Statements of Income

(Unaudited)

(in thousands, except per share amounts)	Three Months Ended March 31,	
	2019	2018
Revenues	\$ 181,716	\$ 199,897
Costs and expenses:		
Cost of goods sold	154,215	139,155
Selling, general and administrative expenses	16,570	13,656
Gain on sale of facility	(9,176 )	—
Deltic merger-related costs	—	19,255
	161,609	172,066
Operating income	20,107	27,831
Interest expense, net	(5,464 )	(5,660 )
Loss on extinguishment of debt	(5,512 )	—
Non-operating pension and other postretirement employee benefit costs	(980 )	(1,857 )
Income before income taxes	8,151	20,314
Income taxes	(1,591 )	(5,717 )
Net income	\$6,560	\$ 14,597
Net income per share:		
Basic	\$0.10	\$0.29
Diluted	\$0.10	\$0.29
Dividends per share	\$0.40	\$0.40
Weighted-average shares outstanding:		
Basic	67,860	50,425
Diluted	67,916	50,786

The accompanying notes are an integral part of these condensed consolidated financial statements.

## PotlatchDeltic Corporation and Consolidated Subsidiaries

## Condensed Consolidated Statements of Comprehensive (Loss) Income

(Unaudited)

(in thousands)	Three Months Ended March 31,	
	2019	2018
Net income	\$6,560	\$14,597
Other comprehensive (loss) income, net of tax:		
Pension and other postretirement employee benefits:		
Amortization of prior service credit included in net income, net of tax benefit of \$(561) and \$(565)	(1,597)	(1,608)
Amortization of actuarial loss included in net income, net of tax expense of \$971 and \$1,172	2,763	3,333
Cash flow hedges, net of tax benefit of \$(364) and \$(32)	(8,513)	(990)
Other comprehensive (loss) income, net of tax	(7,347)	735
Comprehensive (loss) income	\$(787)	\$15,332

The accompanying notes are an integral part of these condensed consolidated financial statements.

## PotlatchDeltic Corporation and Consolidated Subsidiaries

## Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands, except per share amounts)	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 104,787	\$ 76,639
Customer receivables, net	18,009	21,405
Inventories, net	62,408	60,805
Other current assets	18,625	22,675
Assets held for sale	—	80,674
Total current assets	203,829	262,198
Property, plant and equipment, net	273,118	272,193
Investment in real estate held for development and sale	80,675	79,537
Timber and timberlands, net	1,666,168	1,672,815
Intangible assets, net	17,634	17,828
Other long-term assets	31,790	21,281
Total assets	\$ 2,273,214	\$ 2,325,852
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 72,565	\$ 60,993
Current portion of long-term debt	39,981	39,973
Current portion of pension and other postretirement employee benefits	5,997	5,997
Liabilities held for sale	—	29,321
Total current liabilities	118,543	136,284
Long-term debt	715,837	715,391
Pension and other postretirement employee benefits	110,476	110,659
Deferred tax liabilities, net	15,956	32,009
Other long-term obligations	34,016	