

KAPSTONE PAPER & PACKAGING CORP

Form 10-Q

August 04, 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 EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

o 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: 001-33494

KapStone Paper and Packaging Corporation

(Exact name of registrant as specified in its charter)

Delaware

20-2699372

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(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

KapStone Paper and Packaging Corporation

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 45,976,601 shares of the Registrant's Common Stock, \$0.0001 par value, outstanding as of July 30, 2010, excluding 40,000 shares held as treasury shares.

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	June 30, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,888	\$ 2,440
Trade accounts receivable, less allowances of \$1,264 in 2010 and \$1,217 in 2009	70,096	58,408
Other receivables	3,392	16,487
Inventories	70,044	61,377
Refundable and prepaid income taxes	5,362	13,757
Prepaid expenses and other current assets	4,817	1,690
Restricted cash	2,500	2,500
Deferred income taxes	5,172	5,604
Total current assets	183,271	162,263
Plant, property and equipment, net	464,351	470,278
Other assets	3,820	4,935
Intangible assets, net	24,432	26,198
Goodwill	4,811	5,449
Total assets	\$ 680,685	\$ 669,123
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt	\$ 19,229	\$ 18,630
Borrowings under revolving credit facility		7,400
Other current borrowings	1,285	
Accounts payable	57,417	52,147
Accrued expenses	18,654	20,800
Accrued compensation costs	12,948	7,719
Total current liabilities	109,533	106,696
Other liabilities:		
Long-term debt, net of current portion	103,570	121,031
Pension and post-retirement benefits	6,402	5,949
Deferred income taxes	44,800	38,577
Other liabilities	51,560	48,080
Total other liabilities	206,332	213,637

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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; 45,969,136 shares issued and outstanding (40,000 treasury shares outstanding) at June 30, 2010 and 45,418,074 issued and outstanding (40,000 treasury shares outstanding) at December 31, 2009

	5	5
Additional paid-in capital	222,403	219,828
Retained earnings	142,530	129,046
Accumulated other comprehensive loss	(118)	(89)
Total stockholders' equity	364,820	348,790
Total liabilities and stockholders' equity	\$ 680,685	\$ 669,123

See notes to consolidated financial statements

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KapStone Paper and Packaging Corporation

Consolidated Statement of Income

(In thousands, except share and per share amounts)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net sales	\$ 199,119	\$ 156,493	\$ 375,618	\$ 297,077