

RAYONIER INC
Form 10-Q
May 06, 2016
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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, 2016

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 1-6780

RAYONIER INC.

Incorporated in the State of North Carolina

I.R.S. Employer Identification No. 13-2607329

225 WATER STREET, SUITE 1400

JACKSONVILLE, FL 32202

(Principal Executive Office)

Telephone Number: (904) 357-9100

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 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 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 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

As of April 29, 2016, there were outstanding 122,822,111 Common Shares of the registrant.



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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME

(Unaudited)

(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2016	2015
SALES	\$134,843	\$140,305
Costs and Expenses		
Cost of sales	107,971	107,234
Selling and general expenses	9,779	10,898
Other operating income, net (Note 14)	(5,904)	(5,574)
	111,846	112,558
OPERATING INCOME	22,997	27,747
Interest expense	(7,098)	(8,544)
Interest income and miscellaneous expense, net	(1,622)	(1,494)
INCOME BEFORE INCOME TAXES	14,277	17,709
Income tax benefit	781	471
NET INCOME	15,058	18,180
Less: Net income attributable to noncontrolling interest	586	433
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	14,472	17,747
OTHER COMPREHENSIVE (LOSS) INCOME		
Foreign currency translation adjustment, net of income tax benefit of \$0 and \$343	2,804	(14,323)
Cash flow hedges, net of income tax benefit (expense) of \$432 and \$436	(13,774)	(946)
Actuarial change and amortization of pension and postretirement plans, net of income tax expense of \$0 and \$158	617	781
Total other comprehensive loss	(10,353)	(14,488)
COMPREHENSIVE INCOME	4,705	3,692
Less: Comprehensive loss attributable to noncontrolling interest	(3,749)	(3,791)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	\$8,454	\$7,483
EARNINGS PER COMMON SHARE (Note 10)		
Basic earnings per share attributable to Rayonier Inc.	\$0.12	\$0.14
Diluted earnings per share attributable to Rayonier Inc.	\$0.12	\$0.14
Dividends declared per share	\$0.25	\$0.25

See Notes to Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands)

	March 31, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$76,204	\$51,777
Accounts receivable, less allowance for doubtful accounts of \$42 and \$42	27,497	20,222
Inventory (Note 15)	17,443	15,351
Prepaid expenses	12,890	12,654
Other current assets	1,177	5,681
Total current assets	135,211	105,685
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT	2,063,691	2,066,780
INVESTMENTS (NOTE 5)	66,618	65,450
PROPERTY, PLANT AND EQUIPMENT		
Land	1,833	1,833
Buildings	9,024	9,014
Machinery and equipment	3,689	3,686
Construction in progress	1,638	1,282
Total property, plant and equipment, gross	16,184	15,815
Less — accumulated depreciation	(9,349) (9,073
Total property, plant and equipment, net	6,835	6,742
OTHER ASSETS	59,782	71,281
TOTAL ASSETS	\$2,332,137	\$2,315,938
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$22,242	\$21,479
Current maturities of long-term debt	12,211	—
Accrued taxes	4,076	3,685
Accrued payroll and benefits	3,317	7,037
Accrued interest	7,373	6,153
Other current liabilities	19,089	21,103
Total current liabilities	68,308	59,457
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS	857,429	830,554
PENSION AND OTHER POSTRETIREMENT BENEFITS (Note 13)	34,313	34,137
OTHER NON-CURRENT LIABILITIES	36,307	30,050
COMMITMENTS AND CONTINGENCIES (Notes 6 and 8)		
SHAREHOLDERS' EQUITY		
Common Shares, 480,000,000 shares authorized, 122,742,575 and 122,770,217 shares issued and outstanding		