

OFFICEMAX INC
Form 10-Q
May 08, 2013
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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 March 30, 2013

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: 1-5057

OFFICEMAX INCORPORATED

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of

82-0100960
(I.R.S Employer

incorporation or organization)

Identification No.)

263 Shuman Boulevard

Naperville, Illinois
(Address of principal executive offices)

60563
(Zip Code)

(630) 438-7800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, 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 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 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) 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of April 26, 2013
Common Stock, \$2.50 par value	87,004,694

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****OfficeMax Incorporated and Subsidiaries****Consolidated Statements of Income****(thousands, except per-share amounts)**

	Three Months Ended	
	March 30, 2013	March 31, 2012
	(unaudited)	
Sales	\$ 1,766,729	\$ 1,872,912
Cost of goods sold and occupancy costs	1,307,869	1,390,136
Gross profit	458,860	482,776
Operating expenses		
Operating, selling, and general and administrative expenses	435,420	439,662
Other operating expenses (income), net	(78,457)	25,266
Operating income	101,897	17,848
Interest expense	(16,685)	(18,364)
Interest income	10,762	10,819
Other income, net	351	240
Pre-tax income	96,325	10,543
Income tax expense	(38,673)	(3,629)
Net income attributable to OfficeMax and noncontrolling interest	57,652	6,914
Joint venture results attributable to noncontrolling interest	(810)	(1,526)
Net income attributable to OfficeMax	\$ 56,842	\$ 5,388
Preferred dividends	(507)	(530)
Net income available to OfficeMax common shareholders	\$ 56,335	\$ 4,858
Net income per common share		
Basic	\$ 0.65	\$ 0.06
Diluted	\$ 0.64	\$ 0.06

See accompanying notes to quarterly consolidated financial statements

Table of Contents**OfficeMax Incorporated and Subsidiaries****Consolidated Statements of Comprehensive Income**

(thousands)

	Three Months Ended	
	March 30,	March 31,
	2013	2012
	(unaudited)	
Net income attributable to OfficeMax and noncontrolling interest	\$ 57,652	\$ 6,914
Other comprehensive income:		
Cumulative foreign currency translation adjustment	1,266	14,744
Pension and postretirement liability adjustment, net of tax	2,739	2,261
Unrealized hedge income (loss), net of tax		(84)
Other comprehensive income	4,005	16,921
Comprehensive income attributable to OfficeMax and noncontrolling interest	\$ 61,657	\$ 23,835
Less:		
Joint venture results attributable to noncontrolling interest	\$ 810	\$ 1,526
Cumulative foreign currency translation adjustment attributable to noncontrolling interest	1,588	2,006
Joint venture comprehensive income attributable to noncontrolling interest	\$ 2,398	\$ 3,532
Comprehensive income attributable to OfficeMax	\$ 59,259	\$ 20,303

See accompanying notes to quarterly consolidated financial statements

Table of Contents**OfficeMax Incorporated and Subsidiaries****Consolidated Balance Sheets**

(thousands)

	March 30, 2013 (unaudited)	December 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 579,156	\$ 495,056
Receivables, net	558,665	528,279
Inventories	717,126	812,454
Deferred income taxes and receivables	66,255	68,568
Other current assets	74,881	79,527
Total current assets	1,996,083	1,983,884
Property and equipment:		
Land and land improvements	39,619	40,404
Buildings and improvements	497,815	501,055
Machinery and equipment	792,651	797,378
Total property and equipment	1,330,085	1,338,837
Accumulated depreciation	(988,186)	(986,611)
Net property and equipment	341,899	352,226
Intangible assets, net	80,800	80,765
Investment in Boise Cascade Holdings, L.L.C.	91,693	175,000
Timber notes receivable	817,500	817,500
Deferred income taxes	73,476	108,759
Other non-current assets	222,960	266,181
Total assets	\$ 3,624,411	\$ 3,784,315

See accompanying notes to quarterly consolidated financial statements

Table of Contents**OfficeMax Incorporated and Subsidiaries****Consolidated Balance Sheets**

(thousands, except share and per-share amounts)

	March 30, 2013 (unaudited)	December 29, 2012
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 591,949	\$ 699,636
Income tax payable	3,896	4,222
Accrued expenses and other current liabilities:		
Compensation and benefits	94,934	122,662
Other	229,790	219,889
Current portion of debt	10,607	10,232
Total current liabilities	931,176	1,056,641
Long-term debt, less current portion	226,552	225,962
Non-recourse debt	735,000	735,000
Other long-term items:		
Compensation and benefits obligations	360,488	365,568
Deferred gain on sale of assets	94,185	179,757
Other long-term liabilities	134,402	142,397
Noncontrolling interest in joint venture	49,160	44,617
OfficeMax shareholders equity:		
Preferred stock no par value; 10,000,000 shares authorized; Series D ESOP: \$.01 stated value; 608,565 and 608,693 shares outstanding	27,385	27,391
Common stock \$2.50 par value; 200,000,000 shares authorized; 86,984,543 and 86,883,521 shares outstanding	217,461	217,209
Additional paid-in capital	1,019,248	1,018,667
Accumulated deficit	(35,542)	(91,373)
Accumulated other comprehensive loss	(135,104)	(137,521)
Total OfficeMax shareholders equity	1,093,448	1,034,373
Total liabilities and shareholders equity	\$ 3,624,411	\$ 3,784,315

See accompanying notes to quarterly consolidated financial statements

Table of Contents**OfficeMax Incorporated and Subsidiaries****Consolidated Statements of Cash Flows**

(thousands)

	Three Months Ended	
	March 30,	March 31,
	2013	2012
	(unaudited)	
Cash provided by operations:		
Net income attributable to OfficeMax and noncontrolling interest	\$ 57,652	\$ 6,914
Non-cash items in net income:		
Deferred gain from investment in Boise Cascade Holdings, L.L.C.	(85,572)	
Depreciation and amortization	18,356	19,091
Pension and other postretirement benefits expense	83	180
Deferred income tax expense	34,369	14,137
Other	834	25,165
Changes in operating assets and liabilities:		
Receivables	(20,468)	25,580
Inventories	98,503	79,894
Accounts payable and accrued liabilities	(117,353)	(51,069)
Current and deferred income taxes	231	(15,677)
Collection of dividends receivable related to investment in Boise Cascade Holdings, L.L.C.	46,137	
Other	88	(17,707)
Cash provided by operations	32,860	86,508
Cash provided by (used for) investment:		
Expenditures for property and equipment	(28,363)	(15,532)
Return of investment in Boise Cascade Holdings, L.L.C.	83,307	
Proceeds from sales of assets	3,438	1,591
Other	(997)	
Cash provided by (used for) investment	57,385	(13,941)
Cash used for financing:		