

RockTenn Reports Earnings for the Second Quarter of Fiscal 2011 of \$0.92 Per Share and Adjusted Earnings per Share of \$1.04, up 49% over Prior Year Quarter

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NORCROSS, Ga., Apr 26, 2011 (BUSINESS WIRE) --

RockTenn (NYSE:RKT) today reported earnings for the quarter ended March 31, 2011 of \$0.92 per diluted share. The Company's adjusted earnings were \$1.04 per diluted share compared to the prior year quarter adjusted earnings of \$0.70 per diluted share.

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Six Months Ended March 31, 2011	Six Months Ended March 31, 2010
Earnings per diluted share	\$ 0.92	\$ 0.83	\$ 2.19	\$ 2.26
Alternative fuel mixture credit, net	--	(0.21)	--	(0.74)
Restructuring and other costs, net	0.10	0.02	0.11	0.06
Loss on extinguishment of debt	--	0.05	--	0.04
Operating losses of previously closed facilities	0.02	0.01	0.02	0.02
Adjusted earnings per diluted share	\$ 1.04	\$ 0.70	\$ 2.32	\$ 1.64

Second Quarter Results

- Net sales of \$792.9 million for the second quarter of fiscal 2011 increased \$61.0 million, or 8.3% over the second quarter of fiscal 2010.
- Segment income of \$87.9 million was \$13.0 million, or 17.4% over the prior year quarter excluding \$8.1 million of alternative fuel mixture credit in the prior year quarter.
- RockTenn's pre-tax restructuring and other costs, net of related noncontrolling interest, were \$6.2 million, or \$0.10 per diluted share after-tax, for the second quarter of fiscal 2011 consisting primarily of acquisition and preliminary integration expenses associated with the pending Smurfit-Stone Container Corporation acquisition.
- RockTenn incurred pre-tax operating losses at previously closed facilities, net of related noncontrolling interest, of \$0.6 million, or \$0.02 per diluted share after-tax.

Chairman and Chief Executive Officer's Statement

RockTenn Chairman and Chief Executive Officer James A. Rubright stated, "Adjusted earnings per share increased 49% over the prior year quarter driven by higher sales volumes and pricing in our two largest businesses, consumer and corrugated packaging. Earnings again translated into strong free cash flow as we reduced net debt by \$46 million in the quarter, after paying dividends of \$8 million and investing \$32 million in our businesses."

Segment Results

Paperboard and Containerboard Tons Shipped and Average Price

Total tons shipped in the second quarter of fiscal 2011 increased by 18,531 tons over the prior year quarter. The average selling price for all paperboard and containerboard grades increased \$59 per ton from the prior year quarter.

Consumer Packaging Segment

Consumer Packaging segment net sales increased 6.2% in the second quarter of fiscal 2011 compared to the prior year

quarter, due to higher paperboard selling prices, increased recycled paperboard tons shipped and higher folding carton volumes. Segment income increased \$6.6 million to \$43.4 million in the second quarter of fiscal 2011, excluding \$8.1 million of alternative fuel mixture credit in the prior year quarter.

Corrugated Packaging Segment

Corrugated Packaging segment net sales increased \$18.4 million to \$209.4 million in the second quarter of fiscal 2011 compared to the prior year quarter, due to higher selling prices and volumes. Segment income increased \$8.2 million to \$29.1 million in the second quarter of fiscal 2011 and segment return on sales was 13.9%.

Merchandising Displays Segment

Merchandising Displays segment net sales increased \$14.3 million over the prior year second quarter to \$91.4 million due to continued strong demand for merchandising displays. Segment income was \$10.2 million in the second quarter of fiscal 2011 and segment return on sales was 11.2%.

Specialty Paperboard Products Segment

Specialty Paperboard Products segment net sales increased \$7.1 million in the second quarter of fiscal 2011 compared to the prior year quarter primarily due to increased paperboard selling prices and volume and increased solid fiber interior packaging sales due to a fourth quarter of fiscal 2010 acquisition. Segment income was \$5.2 million in the second quarter of fiscal 2011 and \$6.0 million in the prior year quarter.

Cash Provided By Operating Activities

Excluding the \$26.4 million tax refund we received in the second quarter of fiscal 2010 related primarily to the collection of fiscal 2009 alternative fuel mixture credits, net cash provided by operating activities in the second quarter of fiscal 2011 was \$89.7 million compared to \$90.7 million.

Financing and Investing Activities

We reduced net debt by \$45.9 million in the second quarter of fiscal 2011 bringing our net debt at March 31, 2011 to below a billion dollars and increasing our cumulative net debt paid down since the Gulf States acquisition to more than a billion dollars as measured by net debt in the quarter preceding the transaction plus the aggregate purchase price including transaction costs of the Gulf States and Southern Container acquisitions. Our Leverage Ratio was 1.95 times at March 31, 2011, well below our maximum credit agreement covenant of 3.75 times.

Conference Call

We will host a conference call to discuss our results of operations for the second quarter of fiscal 2011 and other topics that may be raised during the discussion at 9:00 a.m., Eastern Time, on April 27, 2011. The conference call will be webcast live with an accompanying slide presentation, along with a copy of this press release, at www.rocktenn.com.

About RockTenn

RockTenn (NYSE:RKT) is one of North America's leading manufacturers of paperboard, containerboard and consumer and corrugated packaging, with annual net sales of \$3 billion. RockTenn's 10,000 employees are committed to exceeding their customers' expectations - every time. The Company operates locations in the United States, Canada, Mexico, Chile and Argentina. For more information, visit www.rocktenn.com.

ROCK-TENN COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
NET SALES	\$ 792.9	\$ 731.9	\$ 1,554.0	\$ 1,422.7
Cost of Goods Sold (net of alternative fuel mixture credit of \$0, \$8.1, \$0 and \$28.8)	626.6	570.6	1,208.9	1,082.9
Gross Profit	166.3	161.3	345.1	339.8
Selling, General and Administrative Expenses	88.3	87.2	171.5	167.2
Restructuring and Other Costs, net	6.3	1.3	6.9	4.3
Operating Profit	71.7	72.8	166.7	168.3
Interest Expense	(16.2)	(19.2)	(32.9)	(40.7)
Loss on Extinguishment of Debt	-	(3.3)	-	(2.8)
Interest Income and Other Income, net	-	0.1	-	0.3
Equity in Income of Unconsolidated Entities	0.3	(0.3)	0.6	(0.1)
INCOME BEFORE INCOME TAXES	55.8	50.1	134.4	125.0
Income Tax Expense	(17.5)	(16.4)	(44.8)	(33.7)
CONSOLIDATED NET INCOME	38.3	33.7	89.6	91.3
Less: Net Income Attributable to Noncontrolling Interests	(1.3)	(0.9)	(2.3)	(2.2)
NET INCOME ATTRIBUTABLE TO ROCK-TENN COMPANY SHAREHOLDERS	\$ 37.0	\$ 32.8	\$ 87.3	\$ 89.1

Computation of diluted earnings per share under the two-class method (in millions, except per share data):

Net income attributable to Rock-Tenn Company shareholders	\$ 37.0	\$ 32.8	\$ 87.3	\$ 89.1
Less: Distributed and undistributed income available to participating securities	(0.7)	(0.4)	(1.2)	(1.1)
Distributed and undistributed income available to Rock-Tenn Company shareholders	\$ 36.3	\$ 32.4	\$ 86.1	\$ 88.0
Diluted weighted average shares outstanding	39.2	39.0	39.3	39.0
Diluted earnings per share	\$ 0.92	\$ 0.83	\$ 2.19	\$ 2.26

ROCK-TENN COMPANY**SEGMENT INFORMATION****(UNAUDITED)****(IN MILLIONS, EXCEPT TONNAGE DATA)**

FOR THE THREE MONTHS ENDED FOR THE SIX