

## **RockTenn Reports Results for the Second Quarter of Fiscal 2012**

April 25, 2012 4:14 AM ET

NORCROSS, Ga., Apr 25, 2012 (BUSINESS WIRE) --RockTenn (NYSE:RKT) today reported earnings for the quarter ended March 31, 2012 of \$0.44 per diluted share and adjusted earnings of \$0.97 per diluted share.

	<b>Three Months Ended March 31, 2012</b>	<b>Three Months Ended March 31, 2011</b>	<b>Six Months Ended March 31, 2012</b>	<b>Six Months Ended March 31, 2011</b>
<b>Earnings per diluted share</b>	<b>\$ 0.44</b>	<b>\$ 0.92</b>	<b>\$ 1.50</b>	<b>\$ 2.19</b>
Restructuring and other costs and operating losses and transition costs due to plant closures	0.36	0.12	0.48	0.13
Loss on extinguishment of debt	0.17	--	0.17	--
<b>Adjusted earnings per diluted share</b>	<b>\$ 0.97</b>	<b>\$ 1.04</b>	<b>\$ 2.15</b>	<b>\$ 2.32</b>

### **Second Quarter Results**

- Net sales of \$2,282.9 million for the second quarter of fiscal 2012 increased \$1,490.0 million over the second quarter of fiscal 2011, primarily as a result of the May 27, 2011, Smurfit-Stone acquisition.
- Segment income of \$157.3 million, adjusted to eliminate \$6.7 million of pre-tax losses at our recently closed Matane, Quebec containerboard mill, was \$164.0 million up \$70.3 million or 75.0% over the prior year quarter, primarily as a result of the Smurfit-Stone acquisition and increased profitability in our Consumer Packaging segment.
- RockTenn's restructuring and other costs and operating losses and transition costs due to plant closures, net of related noncontrolling interest were \$0.36 per diluted share after-tax, for the second quarter of fiscal 2012. These costs consisted primarily of \$19.3 million of pre-tax facility closure charges primarily related to the Matane mill and corrugated container plants acquired in the Smurfit-Stone acquisition, \$7.7 million of pre-tax operating losses and transition costs primarily in connection with the Matane mill closure and consolidating converting facilities and \$8.7 million of pre-tax integration and acquisition costs that primarily consisted of professional services and other employee costs.
- We recognized a pre-tax loss on extinguishment of debt of \$19.5 million, or \$0.17 per diluted share in connection with the redemption of our 9.25% senior notes due March 2016 at a redemption price equal to 104.625% of par and to expense unamortized deferred financing and discount costs.

### **Chairman and Chief Executive Officer's Statement**

RockTenn Chairman and Chief Executive Officer James A. Rubright stated, "RockTenn's adjusted earnings of \$.97 per share reflect very strong earnings and margin growth in our consumer packaging businesses. Our corrugated segment results were reduced by continued competitive domestic box markets amid stable domestic containerboard pricing and by lower export pricing for containerboard and pulp. Export demand and pricing and pulp pricing are improving from the seasonal and cyclical bottom we believe we experienced in the quarter."

### **Segment Results**

#### **Containerboard and Paperboard Tons Produced**

Total tons produced in the second quarter of fiscal 2012 were approximately 2.17 million tons, an increase of approximately 1.6 million tons over the prior year quarter due to the Smurfit-Stone acquisition, and a sequential decrease of approximately 124,000 tons from the first quarter of fiscal 2012. The sequential quarter decrease was primarily due to

scheduled maintenance and market related downtime in our containerboard mills.

### **Corrugated Packaging Segment**

Corrugated Packaging segment net sales increased \$1,296.5 million to \$1,505.9 million in the second quarter of fiscal 2012 compared to the prior year quarter, due primarily to the Smurfit-Stone acquisition. Segment income of \$68.7 million, adjusted to eliminate \$6.7 million of pre-tax losses at our recently closed Matane, Quebec containerboard mill, increased to \$75.4 million in the second quarter of fiscal 2012 compared to \$30.1 million in the prior year quarter. Corrugated Packaging segment EBITDA margin was 11.8% for the second quarter of fiscal 2012.

### **Consumer Packaging Segment**

Consumer Packaging segment net sales increased \$79.8 million in the second quarter of fiscal 2012 compared to the prior year quarter, primarily due to increased display sales including those from the Smurfit-Stone acquisition and generally higher selling prices throughout the segment. Segment income was \$84.4 million in the second quarter of fiscal 2012 compared to \$61.0 million in the prior year quarter due primarily to increased display sales, generally higher selling prices, lower recycled and virgin fiber and energy costs that were partially offset by higher chemical and freight costs. Consumer Packaging segment EBITDA margin was 16.8% for the second quarter of fiscal 2012.

### **Recycling and Waste Solutions Segment**

Recycling and Waste Solutions segment net sales increased \$255.3 million over the prior year second quarter to \$296.1 million primarily due to the Smurfit-Stone acquisition. Segment income was \$4.2 million in the second quarter of fiscal 2012 compared to \$2.6 million in the prior year.

### **Cash Provided From Operating, Financing and Investing Activities**

At March 31, 2012, total debt was \$3.4 billion and our Leverage Ratio (as hereinafter defined) was 2.78 times, well below our maximum credit agreement covenant of 3.75 times. Net debt decreased by \$61.7 million in the March quarter to \$3.4 billion. Cash provided by operations was \$192.7 million in the second quarter of fiscal 2012, after pension and postretirement funding more than expense of \$40.0 million. We also invested \$120.6 million in capital expenditures and returned \$14.1 million in dividends to our shareholders.

### **Conference Call**

We will host a conference call to discuss our results of operations for the second quarter of fiscal 2012 and other topics that may be raised during the discussion at 9:00 a.m., Eastern Time, on April 26, 2012. The conference call will be webcast live with an accompanying slide presentation, along with a copy of this press release, at [www.rocktenn.com](http://www.rocktenn.com).

Investors who wish to participate in the webcast via teleconference should dial 888-790-4710 (inside the U.S.) or 773-756-0961 (outside the U.S.) at least 15 minutes prior to the start of the call and enter the passcode ROCKTENN. Replays of the call will be available through May 10, 2012 and can be accessed at 866-351-2785 (U.S. callers) and 203-369-0055 (outside the U.S.).

### **About RockTenn**

RockTenn (NYSE:RKT) is one of North America's leading integrated manufacturers of corrugated and consumer packaging and recycling solutions. RockTenn's 26,000 employees are committed to exceeding their customers' expectations - every time. The Company operates locations in the United States, Canada, Mexico, Chile, Argentina and China. For more information, visit [www.rocktenn.com](http://www.rocktenn.com).

### **Cautionary Statements**

Statements herein regarding, among other things our belief that export demand and pricing and pulp pricing are improving from the seasonal and cyclical bottom we believe we experienced in the quarter constitute forward-looking statements within the meaning of the federal securities laws. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statement. With respect to these statements, we have made assumptions regarding, among other things, expected economic, competitive and market conditions generally; expected volumes and price levels of purchases by customers; fiber and energy costs; costs associated with facility closures; competitive conditions in our businesses and possible adverse actions of our customers, our competitors and suppliers. Management believes its assumptions are reasonable; however, undue reliance should not be placed on these estimates, which are based on current expectations. There are many factors and uncertainties that impact these forward-looking statements that we cannot predict accurately, including our ability to integrate Smurfit-Stone or to achieve benefits from the Smurfit-Stone acquisition, including synergies and performance improvements. Further, our business is subject to a number of general risks that would affect any such forward-looking statements including, among others, decreases in demand for our products; increases in energy, raw materials, shipping and capital equipment costs; reduced supply of raw materials; fluctuations in selling prices and volumes; intense competition; the potential loss of certain key customers; changes in environmental and other governmental regulation; and adverse changes in general market and industry conditions. These risks are more particularly described in our filings with the Securities and Exchange Commission, including under the caption "Business--Forward-Looking Information" and "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011. The information contained in this release speaks as of the date hereof and we do not undertake any obligation to update this information as future events unfold.

**ROCK-TENN COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**  
**(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)**

	FOR THE THREE MONTHS FOR THE SIX MONTHS			
	ENDED March 31, 2012	ENDED March 31, 2011	ENDED March 31, 2012	ENDED March 31, 2011
<b>NET SALES</b>	<b>\$ 2,282.9</b>	<b>\$ 792.9</b>	<b>\$ 4,550.6</b>	<b>\$ 1,554.0</b>
Cost of Goods Sold	1,922.1	626.6	3,797.6	1,208.9
Gross Profit	360.8	166.3	753.0	345.1
Selling, General and Administrative Expenses	229.6	88.3	455.5	171.5
Restructuring and Other Costs, net	28.1	6.3	38.4	6.9
Operating Profit	103.1	71.7	259.1	166.7
Interest Expense	(32.2 )	(16.2 )	(64.9 )	(32.9 )
Loss on Extinguishment of Debt	(19.5 )	-	(19.5 )	-
Interest Income and Other Income, net	0.5	-	0.9	-
Equity in Income of Unconsolidated Entities	1.4	0.3	2.1	0.6
<b>INCOME BEFORE INCOME TAXES</b>	<b>53.3</b>	<b>55.8</b>	<b>177.7</b>	<b>134.4</b>
Income Tax Expense	(20.6 )	(17.5 )	(68.2 )	(44.8 )
<b>CONSOLIDATED NET INCOME</b>	<b>32.7</b>	<b>38.3</b>	<b>109.5</b>	<b>89.6</b>
Less: Net Income Attributable to Noncontrolling Interests	(0.8 )	(1.3 )	(0.9 )	(2.3 )
<b>NET INCOME ATTRIBUTABLE TO ROCK-TENN COMPANY SHAREHOLDERS</b>	<b>\$ 31.9</b>	<b>\$ 37.0</b>	<b>\$ 108.6</b>	<b>\$ 87.3</b>

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	\$ 31.9	\$ 37.0	\$ 108.6	\$ 87.3
Less: Distributed and undistributed income available to participating securities	(0.2 )			