

GLATFELTER P H CO
Form 10-K
February 25, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2018

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to

96 South George Street, Suite 520

York, Pennsylvania 17401

(Address of principal executive offices)

(717) 225-4711

(Registrant's telephone number, including area code)

	Exact name of registrant as	IRS Employer	State or other jurisdiction of
Commission file number	specified in its charter	Identification No.	incorporation or organization
1-03560	P. H. Glatfelter Company	23-0628360	Pennsylvania

Securities registered pursuant to Section 12(b) of the Act:

	Name of Each Exchange on which
Title of Each Class	registered

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Common Stock, par value \$.01 per share New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No .

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 every Interactive Data File required to be submitted 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 such files). Yes No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small 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 Small reporting company (Do not check if a 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 .

Based on the closing price as of June 30, 2018, the aggregate market value of the Common Stock of the Registrant held by non-affiliates was \$834.8 million.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Common Stock outstanding on February 20, 2019 totaled 44,014,253 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in this Annual Report on Form 10-K:

Portions of the registrant's Proxy Statement to be dated on or about March 29, 2019 are incorporated by reference to Part III.

P. H. GLATFELTER COMPANY

ANNUAL REPORT ON FORM 10-K

For the Year Ended

DECEMBER 31, 2018

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PART I

P. H. Glatfelter Company makes regular filings with the Securities and Exchange Commission (“SEC”), including this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. These filings are available, free of charge, on our website, www.glatfelter.com, and the SEC’s website at www.sec.gov. We also provide copies of our SEC filings at no charge upon request to Investor Relations at (717) 225-2719, ir@glatfelter.com, or by mail to Investor Relations, 96 South George Street, Suite 520, York, PA, 17401. In this filing, unless the context indicates otherwise, the terms “we,” “our,” “us,” “the Company,” or “Glatfelter” refer to P. H. Glatfelter Company and subsidiaries.

ITEM 1 BUSINESS

Overview Glatfelter began operations in 1864, and over the past few years a key component of our strategy has been a focus on growing our engineered materials businesses. In connection with this strategy, in 2018 we divested the former Specialty Papers business unit, acquired Georgia Pacific’s European nonwovens business based in Steinfurt, Germany (“Steinfurt”) and completed the start-up of our new airlaid production facility in Fort Smith, Arkansas. As a leading global supplier of engineered materials for consumer and industrial applications, we maintain leading positions in key segments serving markets that are growing commensurate with or in excess of gross domestic product (“GDP”). We are headquartered in York, Pennsylvania, and our net sales approximate \$950 million annually with customers in over 100 countries. Operations include eleven manufacturing facilities located in the United States, Canada, Germany, France, the United Kingdom and the Philippines. Our business is managed as two separate business units: Composite Fibers and Advanced Airlaid Materials.

We partner with leading consumer product companies and other market leaders to provide innovative solutions delivering outstanding performance to meet market requirements. Over the past several years, we have made investments to increase production capacity and improve our technical capabilities to ensure we are best positioned to serve the market demands and grow our revenue. We are committed to growing in our key markets and will make appropriate investments to support our customers and satisfy market demands.

In the first quarter of 2018, we produced and delivered our first commercial shipment of Airlaid product from our new \$90 million facility in Arkansas. This 20,000 metric-ton facility was built to meet the growing demands of the North American market. Throughout 2018, this facility continued to ramp up production and shipments of wipes and table top products. This investment together with the Steinfurt acquisition

increases our total global airlaid materials capacity to approximately 150,000 metric tons.

Our high-quality, innovative and customizable solutions are found in health and hygiene products, tea and single-serve coffee filtration, and other home, building, electrical, and industrial applications. Our goal is to be the global supplier of choice for innovation and solutions designed to meet the demands of our customers and the markets they serve.

Our goals are to maintain and grow our leading market positions, expand product margins, partner with customers to provide innovative solutions for new markets, and generate strong free cash flows. We are committed to ensuring our cost structure is competitive driven by delivering on cost reduction and continuous improvement initiatives to maintain our leading market positions.

Recent Developments On October 1, 2018, we acquired Georgia-Pacific’s European nonwovens business for \$181 million. The acquisition consisted of Georgia-Pacific’s operations located in Steinfurt, Germany, along with sales offices located in France and Italy. Steinfurt is a state-of-the-art, 32,000-metric-ton-capacity manufacturing facility that employs approximately 220 people.

On October 31, 2018, we completed the sale of the Specialty Papers Business Unit to Pixelle Specialty Solutions LLC, an affiliate of Lindsay Goldberg, for \$360 million. For financial reporting purposes, Specialty Papers is presented as a

discontinued operation.

Business Units Consolidated net sales and the relative net sales contribution of each of our two business units for the past three years are summarized below:

Dollars in thousands	2018	2017	2016
Net sales	\$866,286	\$800,362	\$761,216
Business unit			
contribution			
Composite Fibers	64.1	%	