

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1995-07-28** | Period of Report: **1995-07-20**
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FILER

JAMES RIVER CORP OF VIRGINIA

CIK: **53117** | IRS No.: **540848173** | State of Incorporation: **VA** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **002-46640** | Film No.: **95556856**
SIC: **2621** Paper mills

Business Address
120 TREDEGAR ST
RICHMOND VA 23219
8046445411

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 20, 1995

JAMES RIVER CORPORATION OF VIRGINIA
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of incorporation)

1-7911 54-0848173
(Commission File Number) (IRS Employer Identification Number)

120 Tredegar Street, Richmond, Virginia 23219
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (804) 644-5411

Item 5. Other Events.

On July 20, 1995, James River Corporation of Virginia ("James River" or the "Company") published a press release announcing the Company's results for the second quarter and six months ended June 25, 1995. The Company published its consolidated condensed balance sheets as of June 25, 1995, and June 26, 1994, its consolidated statements of operations for the quarters (13 weeks) and six months (26 weeks) ended June 25, 1995, and June 26, 1994, its consolidated statements of cash flows for the six months ended June 25,

1995, and June 26, 1994, and certain segment information for the six months ended June 25, 1995, and the year ended December 25, 1994. A copy of the press release which includes the consolidated financial statements is filed herewith as Exhibit 99(a).

Also included, as Exhibit 99(b), is certain unaudited pro forma financial information for James River giving effect to the proposed spin-off of a substantial portion of its Communications Papers Business and the specialty-paper based portion of its Food and Consumer Packaging Business.

Item 7. Financial Statements and Exhibits

(c) Exhibits:

- 27 Financial Data Schedules for the six months ended June 25, 1995 (filed electronically only).
- 99(a) Press release dated July 20, 1995, published by the registrant -- filed herewith.
- 99(b) James River's unaudited pro forma consolidated statements of operations for the quarter (13 weeks) and six months (26 weeks) ended June 25, 1995, and unaudited pro forma consolidated condensed balance sheet as of June 25, 1995 -- filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

JAMES RIVER CORPORATION OF VIRGINIA

By: /s/ Stephen E. Hare
Stephen E. Hare
Senior Vice President, Corporate Finance
and Chief Financial Officer

Date: July 25, 1995

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The schedule contains summary financial information extracted from James River Corporation of Virginia's June 25, 1995 financial statements included as an exhibit to Form 8-K dated July 20, 1995 and is qualified in its entirety by reference to such financial statements.

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EXHIBIT 99(a)

News Release: Immediate

Contact: Celeste Gunter (Financial)
(804) 649-4307
Richard B. Elder (Media)
(804) 343-4785

JAMES RIVER CORPORATION REPORTS IMPROVED SECOND QUARTER 1995 RESULTS

RICHMOND, VIRGINIA, July 20, 1995 -- James River Corporation today reported net income of \$41.8 million for its second quarter ended June 25, 1995, more than triple the \$12.9 million reported in 1994's second quarter and almost double the \$22.1 million posted in the first quarter of 1995. Earnings of \$.33 per share for the second quarter were similarly improved over the earnings of \$.06 per share reported in last year's second quarter and \$.09 per share reported in the first quarter of 1995.

Excluding nonrecurring items, the current quarter's earnings of \$.33 per share compare favorably with a loss of \$.01 per share in the prior year and income of \$.15 per share in the preceding quarter. Results for the second quarter of 1994 included nonrecurring interest income of \$.07 per share, and results for the first quarter of 1995 included nonrecurring severance costs of \$.06 per share.

Net sales of \$1.8 billion reported in the second quarter were more than 10% higher than first quarter levels and 51% above the prior year. Compared to the prior year, \$423 million, or 35%, of the sales growth was attributable to the European Consumer Products Business, which was not consolidated until July 1994. The remaining sales growth of 16% represented a combination of improved pricing and stronger volumes in many product lines.

Consolidated income from operations totaled \$128.5 million for the second quarter, more than three times last year's second quarter and almost 50% higher than first quarter levels. Second quarter general corporate expenses included \$6.7 million of consulting fee costs (\$4.1 million net of tax benefits, or \$.05 per share) incurred in connection with cost reduction programs.

Operating profits in the North American Consumer Products Business were \$58.4 million in the second quarter, 24% above the prior year and 52% higher than first quarter results, while sales for the quarter were \$687 million, an 11% increase over the prior year. Improved profitability was driven by better pricing in both retail and commercial product lines, improved manufacturing performance and growing retail volumes and market shares.

Operating profits for the European Consumer Products Business tripled from first quarter levels, to \$10.5 million in the second quarter, on 18% higher sales. Improved profitability was attributable to a combination of unit volume recovery, stronger pricing and continued cost reductions.

Second quarter operating profits of \$16.5 million for the Food and Consumer Packaging Business were approximately one-half of the level reported in the prior year and slightly below the \$18.0 million reported in the first quarter. The decline in profitability was due to continuing unrecovered raw material cost increases, higher manufacturing costs and softer demand.

Results for the Communications Papers Business continued the upturn begun in the second half of 1994. Operating profits rose to \$60.2 million for the current quarter, compared to a loss of \$26.5 million in the prior year and profits of \$44.5 million in the first quarter. Net sales were \$326 million in the second quarter, representing increases of 48% and 8%, respectively, over the prior year and prior quarter levels.

These results reflect continued pricing recovery, as well as benefits of productivity improvements and cost reductions effected during the last cyclical downturn.

For the first six months, excluding nonrecurring items, net income was \$69.2 million, or \$.48 per share, in 1995 versus income of \$0.4 million, or a loss of \$.20 per share, in 1994.

Cash provided by operating activities totaled \$285 million for the first half of 1995, representing a substantial increase over the \$108 million provided in the prior year. In May 1995, the company received \$24.3 million in cash from the sale of certain energy assets. Positive free cash flow (cash provided by operations, less cash used for investing activities and dividends) of \$63 million was generated during the first half of 1995, allowing for net payments of long-term debt of \$82 million.

During the quarter, the company progressed with the spin-off to shareholders of Crown Vantage, a new company which will include a substantial portion of the company's Communications Papers Business and the specialty-paper based portion of its Food and Consumer Packaging Business. Crown Vantage is expected to incur \$500 million in long-term debt, the net proceeds of which will be paid to James River as a return of capital. Crown Vantage will also issue \$100 million of notes to James River. James River plans to use the cash proceeds to reduce its long-term debt. The spin-off is currently expected to be completed in late summer.

Bob Williams, James River's Chairman and Chief Executive Officer concluded, "We are encouraged by the recent improvements posted by the Consumer Products Business, in both the U.S. and Europe, and the Communications Papers Business. We remain optimistic that profits for these operations should continue to strengthen in the second half of the year from higher average prices and continued favorable markets for our products, along with a major new cost reduction program. In addition to the Crown Vantage spin-off, alternatives for the Food and Consumer Packaging Business continue to be evaluated in order to enhance shareholder value, reduce debt and improve strategic focus."

<TABLE>

CONSOLIDATED STATEMENTS OF OPERATIONS (a) James River Corporation of Virginia and Subsidiaries (in thousands, except per share amounts)	Quarters Ended (b)		Six Months Ended (b)	
	June 25, 1995	June 26, 1994	June 25, 1995	June 26, 1994
<CAPTION>				
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Net sales	\$1,812,107	\$1,198,145	\$3,449,391	\$2,303,648
Cost of goods sold	1,403,446	990,697	2,703,828	1,925,563
Selling and administrative expenses	280,115	164,983	522,411	315,315
Severance and other items			8,271	
Income from operations (c)	128,546	42,465	214,881	62,770
Interest expense	60,128	36,553	120,401	71,510
Other income, net (d)	7,833	15,434	18,548	17,695
Income before income taxes and minority interests	76,251	21,346	113,028	8,955
Income tax expense	32,786	8,521	48,600	3,546
Income before minority interests	43,465	12,825	64,428	5,409
Minority interests	(1,702)	75	(522)	405
Net income	\$41,763	\$12,900	\$63,906	\$5,814
Preferred dividend requirements	(14,643)	(8,201)	(29,286)	(16,403)
Net income (loss) applicable to common shares	\$27,120	\$4,699	\$34,620	\$(10,589)
Net income (loss) per common share	\$.33	\$.06	\$.42	\$(.13)
Weighted average number of common shares	83,368	81,901	83,237	81,883

</TABLE>

CONSOLIDATED CONDENSED BALANCE SHEETS (a)
James River Corporation of Virginia and
Subsidiaries
(in thousands)

	June 25, 1995	June 26, 1994
ASSETS:		
Cash and cash equivalents	\$45,746	\$23,142
Accounts receivable	960,038	445,442
Inventories	896,421	701,453
Other current assets	162,879	176,442
Total current assets	2,065,084	1,346,479
Net property, plant and equipment	4,724,140	3,509,055
Investments in affiliates	126,693	558,880
Other assets	368,455	315,883
Goodwill	804,666	150,957
Total assets	\$8,089,038	\$5,881,254
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Accounts payable and other current liabilities	\$1,174,515	\$651,515
Current portion of long-term debt	229,484	78,669
Total current liabilities	1,403,999	730,184
Long-term debt	2,857,331	2,038,361
Accrued postretirement benefits than pensions	552,693	542,391
Other long-term liabilities	318,059	215,442
Deferred income taxes	585,704	415,534
Minority interests	167,812	5,461
Preferred stock	740,269	452,808
Common shareholders' equity	1,463,171	1,481,073
Total liabilities and shareholders' equity	\$8,089,038	\$5,881,254

(a) Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

(b) James River acquired a majority ownership interest in Jamont as of July 5, 1994. Jamont is currently accounted for on a one-month lag and has been included as a consolidated subsidiary since July 1994; prior to that time, Jamont was accounted for using the equity method.

(c) Income from operations for the six months ended June 25, 1995, included nonrecurring charges of \$8.3 million (\$5.3 million net of tax benefits and minority interest, or \$.06 per share), primarily for severance costs in the United Kingdom.

(d) Other income for the second quarter of 1994 included \$9.0 million (\$5.4 million after taxes, or \$.07 per share) of interest income on income tax refunds.

CONSOLIDATED STATEMENTS OF CASH FLOWS (a)
James River Corporation of Virginia and
Subsidiaries

	Six Months Ended(b)	
(in thousands)	June 25, 1995	June 26, 1994
Operating activities:		
Net income	\$63,906	\$5,814
Depreciation expense and cost of timber harvested	234,892	178,038
Deferred income tax provision	8,704	662
Equity in earnings of unconsolidated affiliates	(11,483)	(4,164)
Severance and other items	8,271	
Retirement benefits expense in excess of funding	7,505	14,044
Amortization of goodwill	11,399	2,358
Change in current assets and liabilities:		
Accounts receivable	(16,237)	(21,496)
Inventories	(37,548)	(35,665)
Other current assets	(10,433)	(907)
Current liabilities	12,376	(32,076)

Dividends received from unconsolidated affiliates	17,996	
Other, net	(3,870)	1,494
Cash provided by operating activities	285,478	108,102
Investing activities:		
Expenditures for property, plant and equipment	(208,707)	(143,363)
Cash received from sale of assets	2,843	8,935
Proceeds on sale of partnership option	24,327	
Investments in affiliates		(12,108)
Other, net	12,625	2,777
Cash used for investing activities	(168,912)	(143,759)
Financing activities:		
Additions to long-term debt	6,321	98,568
Payments of long-term debt	(88,078)	(21,083)
Dividends paid	(53,800)	(40,907)
Other, net	5,441	(1,399)
Cash provided by (used for) financing activities	(130,116)	35,179
Decrease in cash and cash equivalents	\$ (13,550)	\$ (478)

(a) Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

(b) James River acquired a majority ownership interest in Jamont as of July 5, 1994. Jamont is currently accounted for on a one-month lag and has been included as a consolidated subsidiary since July 1994; prior to that time, Jamont was accounted for using the equity method.

<TABLE>

SEGMENT INFORMATION

James River Corporation of Virginia and Subsidiaries

(in thousands)

<CAPTION>

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1995 Net sales:

Consumer products:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
North America	\$609,498	\$686,669			\$1,296,167
Europe	357,640	422,877			780,517
Food and consumer packaging	420,313	431,568			851,881
Communications papers	301,310	325,891			627,201
Intersegment elimination	(51,477)	(54,898)			(106,375)
Total net sales	\$1,637,284	\$1,812,107			\$3,449,391

1994 Net sales:

Consumer products:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
North America	\$557,224	\$621,370	\$626,480	\$617,649	\$2,422,723
Europe			222,388	408,456	630,844
Food and consumer packaging	375,737	399,328	412,808	422,028	1,609,901
Communications papers	215,044	220,453	227,988	266,216	929,701
Intersegment elimination	(42,502)	(43,006)	(44,891)	(45,495)	(175,894)
Total net sales	\$1,105,503	\$1,198,145	\$1,444,773	\$1,668,854	\$5,417,275

1995 Operating profit (loss):

Consumer products:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
North America	\$38,425	\$58,408			\$96,833
Europe	3,547	10,464			14,011
Food and consumer packaging	18,020	16,463			34,483
Communications papers	44,501	60,155			104,656
Severance and other items	(8,271)				(8,271)
General corporate expenses (e)	(9,887)	(16,944)			(26,831)
Income from operations	\$86,335	\$128,546			\$214,881

1994 Operating profit (loss) (f):

Consumer products:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-date
North America	\$28,316	\$46,991	\$44,042	\$24,063	\$143,412

Europe			486	6,410	6,896
Food and consumer packaging	26,633	34,310	16,477	19,968	97,388
Communications papers	(25,059)	(26,516)	(4,099)	19,854	(35,820)
Severance and other items				(9,607)	(9,607)
General corporate expenses	(9,585)	(12,320)	(9,644)	(23,747)	(55,296)
Income from operations	\$20,305	\$42,465	\$47,262	\$36,941	\$146,973

</TABLE>

(e) General corporate expenses for the second quarter of 1995 included \$6.7 million (\$4.1 million net of tax benefits, or \$.05 per share) of charges related to consulting fees in connection with cost reduction efforts.

(f) Operating profit for the fourth quarter of 1994 included nonrecurring charges of \$24.2 million, including (i) \$9.6 million of severance costs and asset write-offs, partially offset by the reversal of prior restructure reserves and (ii) \$14.6 million of accruals for litigation and environmental costs. Results for the domestic Consumer Products Business reflected \$3.9 million of the litigation and environmental cost accruals; the remaining \$10.7 million of such costs were reported as general corporate expenses.

EXHIBIT 99 (b)

PRO FORMA CONSOLIDATED STATEMENTS

OF OPERATIONS (g)

James River Corporation of
Virginia and Subsidiaries

(in millions, except per share amounts)

	Quarter Ended	Six Months Ended
	June 25, 1995	June 25, 1995
Net sales	\$1,573.4	\$2,979.6
Cost of goods sold	1,196.3	2,297.7
Selling and administrative expenses	265.0	494.3
Severance and other items		8.3
Income from operations	112.1	179.3
Interest expense	52.0	104.0
Other income, net	10.5	24.2
Income before income taxes and minority interests	70.6	99.5
Income tax expense	30.4	42.9
Income before minority interests	40.2	56.6
Minority interests	(1.7)	(0.5)
Net income	\$38.5	\$56.1
Preferred dividend requirements	(14.7)	(29.3)
Net income applicable to common shares	\$23.8	\$26.8
Net income per common share	\$.29	\$.32
Weighted average number of common shares	83.4	83.2

PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET (g)

James River Corporation of Virginia and Subsidiaries
(in millions)

ASSETS:

	June 25, 1995
Cash and cash equivalents	\$43.4
Accounts receivable	870.0
Inventories	794.6
Other current assets	144.2
Total current assets	1,852.2
Net property, plant and equipment	4,040.9
Investments in affiliates	126.7
Other assets	437.0
Goodwill	774.4
Total assets	\$7,231.2

LIABILITIES AND SHAREHOLDERS' EQUITY:

Accounts payable and other current liabilities	\$1,057.6
Current portion of long-term debt	228.6
Total current liabilities	1,286.2
Long-term debt	2,351.0
Accrued postretirement benefits other than pensions	448.0

Other long-term liabilities	278.0
Deferred income taxes	485.9
Minority interests	167.8
Preferred stock	740.3
Common shareholders' equity	1,474.0
Total liabilities and shareholders' equity	\$7,231.2

(g) In connection with the announced spin-off of a substantial part of James River's Communications Papers Business and the specialty paper-based portion of its Food & Consumer Packaging Business (the "Spin-Off"), James River has formed a new subsidiary, Crown Vantage Inc. ("Vantage") into which the assets and liabilities of the spun-off operations will be transferred. The pro forma consolidated statements of operations and consolidated condensed balance sheet are based on James River's financial statements, as adjusted to give pro forma effect to (i) James River's receipt of cash in connection with the Spin-Off of Vantage, (ii) the receipt of a pay-in-kind note to James River from Vantage and (iii) the execution of the transition agreements between James River and Vantage. The pro forma information is presented as if the Spin-Off had been completed as of June 25, 1995, for the pro forma consolidated condensed balance sheet and as the beginning of 1995 for each period for which pro forma consolidated statements of operations are presented. The pro forma financial information does not purport to represent the actual financial position as it will finally be recorded, or the results of operations which would actually have been reported if the Spin-Off had occurred on the dates or for the periods indicated, or which may be reported in the future.