

UNITED STATES
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)

November 4, 2019



COMMISSION FILE NUMBER 001-36285

Incorporated in the State of Delaware
I.R.S. Employer Identification Number 46-4559529

Rayonier Advanced Materials Inc.

1301 Riverplace Boulevard, Jacksonville, Florida 32207
(Principal Executive Office)

Telephone Number: (904) 357-4600

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock, \$0.01 par value | RYAM | The New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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

Rayonier Advanced Materials Inc.

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Item 2.01 Completion of Acquisition or Disposition of Assets

On November 4, 2019, Rayonier Advanced Materials Inc. (the “Company”) completed its previously announced sale of its Matane, Quebec pulp mill (the “Matane Mill”) and related assets to Sappi Limited, a global diversified wood fiber company, for a total purchase price of US\$175 million. There is no material relationship, other than in respect of the transaction, between Sappi Limited or any of its affiliates and the Company, or any director or officer of the Company, or any associate of any such director or officer.

Item 8.01 Other Events

A copy of the Company’s press release in respect of the completion of the sale of the Matane Mill is furnished herewith as Exhibit 99.1 to this Current Report on Form 8-K.

The press release referenced in this Item 8.01 shall not be deemed “filed” for purposes of Section 18 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(b) Pro forma financial information.

As a result of the sale of the Matane Mill, beginning in the third quarter of 2019, the historical financial results of the Matane Mill, for periods prior to the sale, will be reflected in the Company’s consolidated financial statements as discontinued operations. Attached as Exhibit 99.2 are the unaudited pro forma financial statements which are based on the historical financial statements of the Company, prepared to reflect the sale of the Matane Mill.

These statements are intended for information purposes only, and the information provided therein is not intended to represent or be indicative of what the Company’s results of operations or financial position would have been if the sale had occurred on the dates indicated. The unaudited pro forma condensed consolidated financial statements should be read with the Company’s historical financial statements, which are included in the Company’s latest annual report on Form 10-K and quarterly report on Form 10-Q. The unaudited pro forma financial statements should not be considered representative of the Company’s future results or financial position.

(d) Exhibits

| Exhibit Number | Description |
|-----------------------|--|
| 99.1 | Press Release entitled “Rayonier Advanced Materials Completes Sale of Matane, Quebec Pulp Mill” issued November 4, 2019. |
| 99.2 | Unaudited Pro Forma Financial Information |
| 104 | The cover page from this Current Report on Form 8-K, formatted as Inline XBRL. |

Signature

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.

Rayonier Advanced Materials Inc. (Registrant)

BY: /s/ MICHAEL R. HERMAN

Michael R. Herman

Senior Vice President, General Counsel and Corporate Secretary

November 6, 2019



For Immediate Release

NEWS RELEASE*Contacts:*

| | | |
|-----------|--------------|--------------|
| Media | Eric Johnson | 904-357-9134 |
| Investors | Mickey Walsh | 904-357-9162 |

Rayonier Advanced Materials Completes Sale of Matane, Quebec Pulp Mill

Jacksonville, Fla., November 4, 2019 - Rayonier Advanced Materials Inc. (NYSE: RYAM, the "Company") announced today that it has completed its previously announced sale of the Matane, Quebec pulp mill and related assets to Sappi, a global diversified wood fiber company, for a total purchase price of US\$175 million. Net of fees, expenses and other adjustments, the Company expects to receive approximately US\$150 million. As previously disclosed, US\$100 million of the proceeds will be used to repay a portion of the Company's Senior Secured Credit Facilities, with the remaining funds to be retained by the Company and used for general corporate purposes, including funding operations and repaying debt.

About Rayonier Advanced Materials

Rayonier Advanced Materials is a global leader of cellulose-based technologies, including high purity cellulose specialties, a natural polymer commonly found in cell phones, computer screens, filters and pharmaceuticals. The Company also manufactures products for lumber, paper and packaging markets. With manufacturing operations in the U.S., Canada and France, Rayonier Advanced Materials employs approximately 4,200 people and had revenues of US\$2.1 billion in 2018. More information is available at www.rayonieram.com

Forward-Looking Statements

Certain statements in this document regarding anticipated financial, business, legal or other outcomes including business and market conditions, outlook and other similar statements relating to Rayonier Advanced Materials' or future or expected events, developments or financial or operational performance or results, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "anticipate" and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. While we believe these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance

CORPORATE HEADQUARTERS

1301 Riverplace Boulevard Suite 2300 Jacksonville, FL 32207
904.357.4600 fax 904.357.9101 www.RayonierAM.com

these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties.

Other important factors that could cause actual results or events to differ materially from those expressed in forwardlooking statements that may have been made in this document are described or will be described in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Rayonier Advanced Materials assumes no obligation to update these statements except as is required by law.

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Unaudited Pro Forma Condensed Consolidated Financial Statements

On November 4, 2019, Rayonier Advanced Materials Inc. (the "Company") announced that it completed the previously announced sale of the Matane, Quebec pulp mill (the "Matane Mill") and related assets to Sappi, a global diversified wood fiber company. Beginning in the third quarter of 2019, the historical financial results of the Matane Mill, for periods prior to the sale, will be reflected in the Company's consolidated financial statements as discontinued operations.

The following unaudited pro forma financial statements are based on the historical financial statements of the Company and have been prepared to reflect the sale of the Matane Mill. The unaudited Pro Forma Condensed Consolidated Statement of Income (Loss) for the six months ended June 29, 2019 and the years ended December 31, 2018 and 2017 are presented as if the sale occurred on November 17, 2017, the date of acquisition of the Matane Mill by the Company. The unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 29, 2019 gives effect to the sale as if it occurred on June 29, 2019.

These statements are intended for information purposes only, the information is not intended to represent or be indicative of what the Company's results of operations or financial position would have been had the sale occurred on the dates indicated. The unaudited pro forma condensed consolidated financial statements should be read with the Company's historical financial statements, which are included in the Company's latest annual report on Form 10-K and quarterly report on Form 10-Q. The unaudited pro forma financial statements should not be considered representative of the Company's future results or financial position.

The information in the "Historical" columns of the unaudited Pro Forma Condensed Consolidated Statements of Income (Loss) and Pro Forma Condensed Consolidated Balance Sheet was derived from the Company's historical financial statements for the periods presented and does not include any adjustments for the sale of the Matane Mill.

The information in the "Matane Sale" columns of the unaudited Pro Forma Condensed Consolidated Statements of Income (Loss) and Pro Forma Condensed Consolidated Balance Sheet reflects the revenues, expenses, assets and liabilities attributable to the Matane Mill. The Company is required to use \$100 million of the net proceeds from the sale of Matane to repay debt under its current loan agreements. As such, interest expense of \$2.4 million, \$4.5 million and \$0.5 million for the 2019, 2018 and 2017 periods, respectively, has been allocated to discontinued operations using the weighted-average interest rates in effect for each period presented based on the proportionate amounts required to be repaid.

The information in the "Other Pro Forma Adjustments" columns of the unaudited Pro Forma Condensed Consolidated Balance Sheet reflects the pro forma adjustments which are further described in Note 1.

Rayonier Advanced Materials Inc.
Pro Forma Condensed Consolidated Statement of Income (Loss)
(Unaudited)
(Dollars in thousands, except per share amounts)
For the Six Months Ended June 29, 2019

| | Historical | Matane Sale | Pro Forma |
|---|-------------|-------------|-------------|
| Net Sales | \$ 970,597 | \$ (79,304) | \$ 891,293 |
| Cost of Sales | (927,955) | 62,295 | (865,660) |
| Gross Margin | 42,642 | (17,009) | 25,633 |
| Selling, general and administrative expenses | (49,464) | 854 | (48,610) |
| Duties | (11,520) | — | (11,520) |
| Other operating income (expense), net | (8,422) | — | (8,422) |
| Operating Income (Loss) | (26,764) | (16,155) | (42,919) |
| Interest expense | (30,374) | 2,351 | (28,023) |
| Interest income and other, net | (99) | 5 | (94) |
| Other components of pension and OPEB, excluding service costs | 2,643 | (175) | 2,468 |
| Income (Loss) Before Income Taxes | (54,594) | (13,974) | (68,568) |
| Income tax (expense) benefit | 17,627 | 3,680 | 21,307 |
| Net Income (Loss) Attributable to the Company | (36,967) | (10,294) | (47,261) |
| Mandatory convertible stock dividends | (6,805) | — | (6,805) |
| Net Income (Loss) Available to the Company's Common Stockholders | \$ (43,772) | \$ (10,294) | \$ (54,066) |
| Earnings Per Share of Common Stock | | | |
| Basic earnings (loss) per share | \$ (0.89) | | \$ (1.10) |
| Diluted earnings (loss) per share | \$ (0.89) | | \$ (1.10) |
| Shares used for determining basic earnings per share of common stock | 49,282,418 | | 49,282,418 |
| Shares used for determining diluted earnings per share of common stock | 49,282,418 | | 49,282,418 |

Rayonier Advanced Materials Inc.
Pro Forma Condensed Consolidated Statement of Income (Loss)
(Unaudited)
(Dollars in thousands, except per share amounts)
For the Year Ended December 31, 2018

| | Historical | Matane Sale | Pro Forma |
|--|-------------------|--------------------|------------------|
| Net Sales | \$ 2,134,413 | \$ (177,419) | \$ 1,956,994 |
| Cost of Sales | (1,790,244) | 124,397 | (1,665,847) |
| Gross Margin | 344,169 | (53,022) | 291,147 |
| Selling, general and administrative expenses | (108,184) | 3,196 | (104,988) |
| Duties | (25,921) | — | (25,921) |
| Other operating expense, net | (12,422) | — | (12,422) |
| Operating Income | 197,642 | (49,826) | 147,816 |
| Interest expense | (60,408) | 4,474 | (55,934) |
| Interest income and other, net | 5,017 | 11 | 5,028 |
| Other components of net periodic benefit income (expense) | 8,723 | (377) | 8,346 |
| Gain on bargain purchase | 20,449 | — | 20,449 |
| Gain on debt extinguishment | 786 | — | 786 |
| Income Before Income Taxes | 172,209 | (45,718) | 126,491 |
| Income tax expense | (43,793) | 16,754 | (27,039) |
| Net Income Attributable to the Company | 128,416 | (28,964) | 99,452 |
| Mandatory convertible stock dividends | (13,800) | — | (13,800) |
| Net Income Available to the Company's Common Stockholders | <u>\$ 114,616</u> | <u>\$ (28,964)</u> | <u>\$ 85,652</u> |
| Earnings Per Share of Common Stock | | | |
| Basic earnings per share | <u>\$ 2.27</u> | | <u>\$ 1.69</u> |
| Diluted earnings per share | <u>\$ 1.96</u> | | <u>\$ 1.52</u> |
| Shares used for determining basic earnings per share of common stock | 50,602,480 | | 50,602,480 |
| Shares used for determining diluted earnings per share of common stock | 65,397,259 | | 65,397,259 |

Rayonier Advanced Materials Inc.
Pro Forma Condensed Consolidated Statement of Income (Loss)
(Unaudited)
(Dollars in thousands, except per share amounts)
For the Year Ended December 31, 2017

| | Historical | Matane Sale | Pro Forma |
|--|------------|-------------|------------|
| Net Sales | \$ 961,333 | \$ (20,917) | \$ 940,416 |
| Cost of Sales | (818,281) | 18,618 | (799,663) |
| Gross Margin | 143,052 | (2,299) | 140,753 |
| Selling, general and administrative expenses | (79,387) | (173) | (79,560) |
| Duties | (939) | — | (939) |
| Other operating expense, net | (1,274) | — | (1,274) |
| Operating Income | 61,452 | (2,472) | 58,980 |
| Interest expense | (40,447) | 480 | (39,967) |
| Interest income and other, net | 2,350 | 2 | 2,352 |
| Other components of net periodic benefit income (expense) | (2,995) | (45) | (3,040) |
| Gain on bargain purchase | 316,555 | — | 316,555 |
| Gain on derivative instrument | 7,780 | — | 7,780 |
| Income Before Income Taxes | 344,695 | (2,035) | 342,660 |
| Income tax expense | (19,731) | 498 | (19,233) |
| Net Income Attributable to the Company | 324,964 | (1,537) | 323,427 |
| Mandatory convertible stock dividends | (13,800) | — | (13,800) |
| Net Income Available to the Company's Common Stockholders | \$ 311,164 | \$ (1,537) | \$ 309,627 |
| Earnings Per Share of Common Stock | | | |
| Basic earnings per share | \$ 7.17 | | \$ 7.13 |
| Diluted earnings per share | \$ 5.81 | | \$ 5.79 |
| Shares used for determining basic earnings per share of common stock | 43,416,868 | | 43,416,868 |
| Shares used for determining diluted earnings per share of common stock | 55,902,452 | | 55,902,452 |

Rayonier Advanced Materials Inc.
Pro Forma Condensed Consolidated Balance Sheet
(Unaudited)
(Dollars in thousands)
As of June 29, 2019

| | Historical | Matane Sale | Pro Forma Adjustments (Note 1) | | Pro Forma |
|--|---------------------|--------------------|--------------------------------|----------|---------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 90,104 | \$ — | \$ 50,000 | (a) | \$ 140,104 |
| Accounts receivable, net | 180,014 | (17,807) | — | | 162,207 |
| Inventory | 298,902 | (14,695) | — | | 284,207 |
| Prepaid and other current assets | 90,623 | (2,991) | — | | 87,632 |
| Total current assets | 659,643 | (35,493) | 50,000 | | 674,150 |
| Property, Plant and Equipment, net | 1,370,307 | (18,003) | — | | 1,352,304 |
| Deferred Tax Assets | 420,105 | (31,486) | — | | 388,619 |
| Intangible Assets, net | 48,955 | — | — | | 48,955 |
| Other Assets | 151,500 | (2,571) | — | | 148,929 |
| Total Assets | \$ 2,650,510 | \$ (87,553) | \$ 50,000 | | \$ 2,612,957 |
| Liabilities and Stockholders' Equity | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 182,458 | \$ (9,234) | \$ — | | \$ 173,224 |
| Accrued and other current liabilities | 114,686 | (3,350) | — | | 111,336 |
| Current maturities of long-term debt | 21,633 | — | — | | 21,633 |
| Current liabilities for disposed operations | 11,483 | — | — | | 11,483 |
| Total current liabilities | 330,260 | (12,584) | — | | 317,676 |
| Long-Term Debt | 1,215,059 | — | (99,472) | (b) | 1,115,587 |
| Long-Term Liabilities for Disposed Operations | 149,360 | — | — | | 149,360 |
| Pension and Other Postretirement Benefits | 238,387 | (5,425) | — | | 232,962 |
| Deferred Tax Liabilities | 26,071 | — | — | | 26,071 |
| Other Non-Current Liabilities | 24,807 | (327) | — | | 24,480 |
| Commitments and Contingencies | | | | | |
| Stockholders' Equity | | | | | |
| Preferred stock | 17 | — | — | | 17 |
| Common stock | 498 | — | — | | 498 |
| Additional paid-in capital | 397,115 | — | — | | 397,115 |
| Retained earnings | 411,306 | (69,217) | 149,472 | (a), (b) | 491,561 |
| Accumulated other comprehensive income (loss) | (142,370) | — | — | | (142,370) |
| Total Stockholders' Equity | 666,566 | (69,217) | 149,472 | | 746,821 |
| Total Liabilities and Stockholders' Equity | \$ 2,650,510 | \$ (87,553) | \$ 50,000 | | \$ 2,612,957 |

Note 1 — Pro forma adjustments

- (a) The Company's estimated net proceeds from the sale, which excludes fees, expenses, working capital adjustments and other costs related to the sale, were approximately \$150 million. The Company is required use \$100 million of the net proceeds to repay debt under its current loan agreements with the remaining \$50 million added to cash.
- (b) The Company is required to use \$100 million of the net proceeds to repay debt under its current loan agreements. As a result of the repayment of the loan, approximately \$528 thousand of deferred loan costs will be written off to interest expense.