

Quad/Graphics, Inc.
Form 10-Q
November 02, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
^x 1934

For the quarterly period ended September 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from _____ to _____
Commission File Number 001-34806

QUAD/GRAPHICS, INC.

(Exact name of registrant as specified in its charter)

Wisconsin

39-1152983

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

N61 W23044 Harry's Way, Sussex, Wisconsin 53089-3995 (414) 566-6000

(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller 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

Smaller 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 Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class Outstanding as of October 28, 2016

Class A Common Stock 36,851,752

Class B Common Stock 14,198,464

Class C Common Stock —

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PART I — FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements (Unaudited)

QUAD/GRAPHICS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net sales				
Products	\$904.2	\$978.1	\$2,688.9	\$2,818.8
Services	152.2	157.4	442.3	464.7
Total net sales	1,056.4	1,135.5	3,131.2	3,283.5
Cost of sales				
Products	719.1	797.3	2,144.2	2,306.1
Services	105.8	112.6	305.2	336.9
Total cost of sales	824.9	909.9	2,449.4	2,643.0
Operating expenses				
Selling, general and administrative expenses	109.9	106.1	341.9	326.2
Depreciation and amortization	61.7	81.0	217.4	245.7
Restructuring, impairment and transaction-related charges	26.1	35.6	62.4	80.0
Goodwill impairment	—	775.0	—	798.3
Total operating expenses	1,022.6	1,907.6	3,071.1	4,093.2
Operating income (loss)	\$33.8	\$(772.1)	\$60.1	\$(809.7)
Interest expense	19.6	22.3	58.9	66.4
Gain on debt extinguishment	—	—	(14.1)	—
Earnings (loss) before income taxes and equity in loss of unconsolidated entities	14.2	(794.4)	15.3	(876.1)
Income tax expense (benefit)	2.9	(244.9)	5.6	(249.7)
Earnings (loss) before equity in loss of unconsolidated entities	11.3	(549.5)	9.7	(626.4)
Equity in loss of unconsolidated entities	—	2.7	2.3	6.1
Net earnings (loss)	\$11.3	\$(552.2)	\$7.4	\$(632.5)

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