BUCKEYE TECHNOLOGIES INC
Form 8-K/A
August 03, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15 (D) OF THE
THE SECURITIES ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): August 3, 2004

BUCKEYE TECHNOLOGIES INC.
(Exact name of registrant as specified in its charter)

DELAWARE	33-60032	62-1518973
(State of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.

1001 Tillman Street, Memphis, Tennessee 38112
(Address of principal executive offices)

Registrant's telephone, including area code (901) 320-8100

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Explanatory note: This Form 8-K/A amends the Form 8-K, dated August 2, 2004, of Buckeye Technologies Inc. to correct typographical errors consisting of corrected dates in the explanation of the item, correction of operating income (loss) for the three months ended June 30, 2003 on the Consolidated Statements of Operation, and minor formatting modifications.

On August 2, 2004, Buckeye Technologies Inc. (the "Company") issued a press release regarding its results of operations for the ear ended June 30, 2004, including a statement of operations for that quarter, a consolidated balance sheet as of June 30, 2004, a consolidated statement of cash flow for that quarter, and supplemental financial data. In addition, on August 3, 2004, the Company will hold a teleconference at 9:30 a.m. Central to discuss the year end. The teleconference can be accessed via the website www.streetevents.com, the Company's website homepage at www.bkitech.com or via telephone at (888) 857-6929 within the United States or (719)457-2600 for international callers.

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, thereunto duly authorized,

BUCKEYE TECHNOLOGIES INC.

/S/ KRISTOPHER J. MATULA

Kristopher J. Matula
Executive Vice President and
Chief Financial Officer
August 3, 2004

News from
[OBJECT OMITTED]

FOR IMMEDIATE RELEASE

Contacts: Kris Matula, Executive Vice President
and Chief Financial Officer
901-320-8588
Gordon Mitchell
Investor Relations Manager
901-320-8256
Website: www.bkitech.com

BUCKEYE REPORTS FOURTH QUARTER RESULTS

MEMPHIS, TN August 2, 2004 - Buckeye Technologies Inc. (NYSE:BKI) today announced that it earned $1.4 million after tax ($.04 per share) in the quarter ended June 30, 2004. The Company's results include $2 million after tax in restructuring and impairment charges primarily related to the previously announced closures of its facilities in Cork, Ireland and Lumberton, North Carolina.

During the same quarter of the prior year, the Company incurred a loss of $5.2 million after tax ($.14 per share) which included $5.4 million after tax in restructuring and impairment charges, primarily relating to the partial closure of the Lumberton plant and the impairment of idle nonwovens equipment.

Excluding the impairment and restructuring charges, the Company earned $3.4 million after tax ($.09 per share) in April-June 2004. This compares to earnings of $0.2 million after tax ($.01 per share) in the same period a year ago.

During fiscal year 2004, the Company incurred a loss of $38.2 million after tax ($1.03 per share) including impairment, restructuring, and refinancing costs of $36.6 million after tax ($.99 per share). This compares to a loss of $24.9 million after tax ($.67 per share) in fiscal 2003, which included a $24.7 million after tax impairment and restructuring charge (also $.67 per share).

Net sales for the April-June quarter were $168 million, equal to sales in the same quarter of the prior year. Net sales for fiscal 2004 were $656.9 million, 2.5% above the $641.1 million achieved in the prior year.

Buckeye Chairman, David B. Ferraro, stated, "Although fiscal 2004 was a disappointing year for Buckeye, we are encouraged by recent strengthening trends in our markets. The restructuring steps we have taken are improving our efficiency and enabling us to more effectively utilize our capacity. We are confident that we have implemented the right plans to improve future earnings."

Mr. Ferraro went on to say, "During April-June, we achieved a gross margin of 15.5%, which represents a 3.4 percentage point improvement over the 12.1% gross margin achieved during the year ago quarter. We remain committed to achieving additional margin improvement and restoring our profitability to historical levels."

Buckeye, a leading manufacturer and marketer of specialty fiber and nonwoven materials, is headquartered in Memphis, Tennessee, USA. The Company currently operates facilities in the United States, Germany, Canada, and Brazil. Its products are sold worldwide to makers of consumer and industrial goods.

Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties, including but not limited to economic, competitive, governmental, and technological factors affecting the Company's operations, financing, markets, products, services and prices, and other factors. For further information on factors which could impact the Company and the statements contained herein, please refer to public filings with the Securities and Exchange Commission.

Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended		
	June 30, 2004	March 31, 2004	June 30, 2003
Net sales	$168,042	$172,761	$168,014
Cost of goods sold	142,053	151,031	147,602
Gross margin	25,989	21,730	20,412

Selling, research and administrative expenses........	10,438	9,445	10,543
Impairment of long-lived assets.....................	1,075	43,891	6,757
Restructuring costs................................	2,073	143	1,636
Operating income (loss)	12,403	(31,749)	1,476
Net interest expense and amortization of debt costs..	11,305	11,369	11,222
Loss on early extinguishment of debt................	-	-	-
Foreign exchange, amortization of intangibles, other.	268	149	197
Income (loss) before income taxes...................	830	(43,267)	(9,943
Income tax benefit..................................	(580)	(15,762)	(4,782
Income (loss) before cumulative effect of change in accounting..................................	1,410	(27,505)	(5,161
Cumulative effect of change in accounting (net of tax of $3,359)...............................	-	-	-
Net income (loss)..................................	$ 1,410	$(27,505)	$(5,161
Earnings (loss) per share before cumulative effect of change in accounting			
Basic earnings (loss) per share.........	$0.04	$(0.74)	$(0.14
Diluted earnings (loss) per share	$0.04	$(0.74)	$(0.14
Cumulative effect of change in accounting			
Basic earnings (loss) per share........	$ -	$ -	$ -
Diluted earnings (loss) per share......	$ -	$ -	$ -
Earnings (loss) per share			
Basic earnings (loss) per share........	$0.04	$(0.74)	$(0.14
Diluted earnings (loss) per share......	$0.04	$(0.74)	$(0.14
Weighted average shares for basic earnings per share.	37,234	37,009	36,973
Adjusted weighted average shares for diluted earnings per share..............................	37,369	37,009	36,973
Proforma amounts, assuming change in accounting method is applied retroactively:			
Net income (loss)..................................	$1,410	$(27,505)	$(4,81
Basic earnings (loss) per share.....................	$ 0.04	$ (0.74)	$ (0.1
Diluted earnings (loss) per share...................	$ 0.04	$ (0.74)	$ (0.1

Consolidated Balance Sheets
(In thousands)
(Unaudited)

	June 30	
	2004	2
Assets		
Current assets:		
Cash and cash equivalents..............................	$ 27,235	$
Cash, restricted.......................................		
Accounts receivable, net...............................	112,367	1

Inventories	107,439	1
Deferred income taxes and other	10,207	
Total current assets	257,248	3
Property, plant and equipment, net	537,632	5
Goodwill, net	130,172	1
Intellectual property and other, net	41,023	
Total assets	$ 966,075	$ 1,0
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 27,130	$
Accrued expenses	45,337	
Current portion of capital lease obligation	632	
Current portion of long-term debt	16,972	
Total current liabilities	90,071	1
Long-term debt	587,076	6
Deferred income taxes	37,956	
Capital lease obligation	2,068	
Other liabilities	19,559	
Stockholders' equity	229,345	2
Total liabilities and stockholders' equity	$966,075	$ 1,0

Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Year Ended June 30 2004	2003
Operating activities		
Net loss	$ (38,190)	$ (24,89
Adjustments to reconcile net loss to net cash provided by operating activities:		
Cumulative effect of change in accounting	(5,720)	
Impairment charge of long-lived assets	45,908	36,50
Depreciation	45,675	46,50
Amortization	4,227	5,58
Loss on early extinguishment of debt	4,940	-
Deferred income taxes	(27,340)	(13,48
Other	4,877	58
Changes in operating assets and liabilities:		
Accounts receivable	11,716	(25,26
Inventories	29,838	14,28
Prepaid expenses and other assets	(1,302)	13,82
Accounts payable and other current liabilities	(8,973)	1,56
Net cash provided by operating activities	65,656	55,20

Investing activities		
Purchases of property, plant and equipment...........	(31,871)	(28,42
Redemption of short term investments.................	-	8,86
Other..	(374)	(87
Net cash used in investing activities................	(32,245)	(20,43
Financing activities		
Proceeds from exercise of options	2,667	
Net payments under revolving line of credit..........	(224,026)	(19,92
Issuance of long-term debt...........................	350,000	-
Payments for debt issuance costs.....................	(9,070)	(67
Payments related to early extinguishment of debt.....	(2,115)	-
Proceeds from termination of swap	4,000	-
Principal payments on long-term debt and other.......	(178,333)	(22,53
Net cash provided by (used in) financing activities..	(56,877)	(43,13
Effect of foreign currency rate fluctuations.........	724	2,33
Decrease in cash and cash equivalents................	(22,742)	(6,02
Cash and cash equivalents at beginning of year.......	49,977	56,00
Cash and cash equivalents at end of year.............	$ 27,235	$ 49,97

Buckeye Technologies Inc.
Supplemental Financial Data
(In $000)
(Unaudited)

Segment Results	Three Months Ended June 30, 2004	March 31, 2004	June 30, 2003
Specialty fibers			
Net sales	$118,165	$121,289	$118,892
Operating income (a)	12,714	10,896	8,159
Depreciation and amortization (b)	7,024	7,037	6,874
Capital expenditures	4,457	4,596	7,723
Nonwoven Materials			
Net sales	$55,987	$ 57,259	$ 52,804
Operating income (a)	2,595	1,349	1,659
Depreciation and amortization (b)	3,633	4,782	4,382
Capital expenditures	884	636	1,262
Corporate			
Net sales	$(6,110)	$(5,787)	$(3,682
Operating income (a)	(2,906)	(43,994)	(8,342

Depreciation and amortization (b)	828	831	508
Capital expenditures	73	35	167
Total			
Net sales	$168,042	$172,761	$168,014
Operating income (a)	12,403	(31,749)	1,476
Depreciation and amortization (b)	11,485	12,650	11,764
Capital expenditures	5,414	5,267	9,152

(a) Asset impairment and restructuring costs are included in operating income for the corporate segment.
(b) Depreciation and amortization includes depreciation, depletion and amortization of intangibles. Only the Corporate grouping has amortization of intangibles that is excluded from the determination of operating income.

Adjusted EBITDA	Three Months Ended June 30, 2004	March 31, 2004	June 30, 2003
Income (loss) before cumulative effect of change in accounting	$ 1,410	$(27,505)	$(5,161)
Income tax benefit	(580)	(15,762)	(4,782)
Net interest expense	10,900	11,043	10,623
Amortization of debt costs	405	326	599
Early extinguishment of debt	-	-	-
Depreciation, depletion and amortization	11,485	12,650	12,212
EBITDA	23,620	(19,248)	13,491
Interest income	216	247	237
Asset impairments	1,075	43,891	6,757
Loss on disposal of assets	304	20	122
Restructuring charges (c)	492	143	1,636
Restatement due to change in accounting	-	-	-
Adjusted EBITDA	$25,707	$25,053	$22,243

We calculate EBITDA as earnings before cumulative effect of change in accounting plus net interest expense, income taxes and depreciation and amortization. Adjusted EBITDA further adjusts EBITDA by adding back the following items: interest income, cumulative effect of changes in accounting, asset impairment charges, restructuring charges and other (gains) losses. You should not consider adjusted EBITDA to be an alternative measure of our net income, as an indicator of operating performance; or our cash flow as an indicator of liquidity. Adjusted EBITDA corresponds with the definition contained in our US revolving credit facility and it provides useful information concerning our ability to comply with debt covenants. Prior year calculations have been restated to conform with the current credit facility definition. Although we believe adjusted EBITDA enhances your understanding of our financial condition, this measure, when viewed individually, is not a better indicator of any trend as compared to other measures (e.g., net sales, net earnings, net cash flows, etc.)

On June 30, 2004, we had borrowing capacity of $67.7 million on the revolving credit facility. The portion of this amount that we could borrow will depend on our financial results and ability to comply with certain borrowing conditions under the revolving credit facility.

(c) The definition of Adjusted EBITDA limits the add back of restructuring charges to costs incurred from October 1, 2002 through June 30, 2004, provided that the aggregate amount does not exceed $6.0 million. Since we exceeded the $6.0 million threshold during the three months ended June 30, 2004, our add back was limited to $492 of the $2,073 of restructuring expense recorded during the quarter.