LOUISIANA-PACIFIC CORP
Form 10-Q
November 06, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934
For Quarterly Period Ended September 30, 2018
Commission File Number 1-7107

LOUISIANA-PACIFIC CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	93-0609074
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

414 Union Street, Nashville, TN 37219
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (615) 986-5600

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 x No o

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
Emerging growth company	o		

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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 141,178,489 shares of Common Stock, $1 par value, outstanding as of November 5, 2018. Except as otherwise specified and unless the context otherwise requires, references to "LP", the "Company", "we", "us", and "our" refer to Louisiana-Pacific Corporation and its subsidiaries.

ABOUT FORWARD-LOOKING STATEMENTS

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 provide a “safe harbor” for forward-looking statements to encourage companies to provide prospective information about their businesses and other matters as long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statements. This report contains, and other reports and documents filed by us with the Securities and Exchange Commission (SEC) may contain, forward-looking statements. These statements are or will be based upon the beliefs and assumptions of, and on information available to, our management.

The following statements are or may constitute forward-looking statements: (1) statements preceded by, followed by or that include words like “may,” “will,” “could,” “should,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “po “continue” or “future” or the negative or other variations thereof and (2) other statements regarding matters that are not historical facts, including without limitation, plans for product development, forecasts of future costs and expenditures, possible outcomes of legal proceedings, capacity expansion and other growth initiatives and the adequacy of reserves for loss contingencies.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following:

- changes in governmental fiscal and monetary policies, including tariffs and levels of employment;
- changes in general economic conditions;
- changes in the cost and availability of capital;
- changes in the level of home construction and repair activity;
- changes in competitive conditions and prices for our products;
- changes in the relationship between supply of and demand for building products;
- changes in the relationship between supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products;
- changes in the cost of and availability of energy, primarily natural gas, electricity and diesel fuel;
- changes in the cost of and availability of transportation;
- changes in other significant operating expenses;
- changes in exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, Brazilian real and Chilean peso;
- changes in general and industry-specific environmental laws and regulations;
- changes in tax laws, and interpretations thereof;
- changes in circumstances giving rise to environmental liabilities or expenditures;
- the resolution of existing and future product-related litigation and other legal proceedings; and
- acts of public authorities, war, civil unrest, natural disasters, fire, floods, earthquakes, inclement weather and other matters beyond our control.

In addition to the foregoing and any risks and uncertainties specifically identified in the text surrounding forward-looking statements, any statements in the reports and other documents filed by us with the SEC that warn of risks or uncertainties associated with future results, events or circumstances identify important factors that could cause actual results, events and circumstances to differ materially from those reflected in the forward-looking statements.

ABOUT THIRD-PARTY INFORMATION

In this report, we rely on and refer to information regarding industry data obtained from market research, publicly available information, industry publications, U.S. government sources and other third parties. Although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified it.

Item 1. Financial Statements.
CONSOLIDATED BALANCE SHEETS
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
(AMOUNTS IN MILLIONS) (UNAUDITED)

	September 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	$ 986.7	$ 928.0
Receivables, net of allowance for doubtful accounts of $0.8 million and $0.9 million at September 30, 2018 and December 31, 2017	143.5	142.5
Inventories	284.4	259.1
Prepaid expenses and other current assets	11.9	7.8
Current portion of notes receivable from asset sales	—	22.2
Total current assets	1,426.5	1,359.6
Timber and timberlands	56.8	55.7
Property, plant and equipment, net	976.2	926.1
Goodwill and other intangible assets	26.3	26.7
Investments in and advances to affiliates	52.6	7.8
Restricted cash	13.3	13.3
Other assets	59.8	56.8
Deferred tax asset	2.9	2.5
Total assets	$ 2,614.4	$ 2,448.5
LIABILITIES AND EQUITY		
Current portion of long-term debt	$ 5.2	$ 25.1
Accounts payable and accrued liabilities	213.7	237.1
Income taxes payable	11.6	4.5
Current portion of contingency reserves	2.3	3.4
Total current liabilities	232.8	270.1
Long-term debt, excluding current portion	348.6	350.8
Deferred income taxes	73.5	33.4
Contingency reserves, excluding current portion	9.4	11.7
Other long-term liabilities	138.7	178.0
Stockholders' equity:		
Common stock, $1 par value, 200,000,000 shares authorized, 153,358,542 shares issued	153.4	153.4
Additional paid-in capital	456.5	470.6
Retained earnings	1,613.9	1,280.1
Treasury stock, 11,452,109 shares and 8,462,949 shares, at cost	(264.4)	(177.5)
Accumulated comprehensive loss	(148.0)	(122.1)
Total stockholders' equity	1,811.4	1,604.5
Total liabilities and stockholders' equity	$ 2,614.4	$ 2,448.5

The accompanying notes are an integral part of these unaudited financial statements.

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CONSOLIDATED STATEMENTS OF INCOME
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
(AMOUNTS IN MILLIONS EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net sales	$736.8	$718.3	$2,238.9	$2,023.3
Cost of sales	524.0	507.7	1,588.7	1,502.3
Gross profit	212.8	210.6	650.2	521.0
Selling, general and administrative expenses	51.2	49.3	151.9	145.3
(Gain) loss on sale or impairment of long lived assets, net	0.3	0.7	(0.3)	(1.8)
Other operating credits and charges, net	(6.3)	(0.9)	(11.2)	4.5
Income from operations	167.6	161.5	509.8	373.0
Non-operating income (expense):				
Interest expense, net of capitalized interest	(3.9)	(4.9)	(12.7)	(14.8)
Investment income	5.5	2.9	13.5	7.2
Other non-operating items	(2.2)	(2.2)	(4.3)	(7.2)
Total non-operating income (expense)	(0.6)	(4.2)	(3.5)	(14.8)
Income from continuing operations before taxes and equity in loss of unconsolidated affiliate	167.0	157.3	506.3	358.2
Provision for income taxes	41.8	46.4	122.7	97.9
Equity in loss of unconsolidated affiliate	1.1	—	1.7	—
Income from continuing operations	124.1	110.9	381.9	260.3
Loss from discontinued operations before taxes	(0.1)	(1.7)	(5.7)	(1.7)
Benefit for income taxes	—	(0.6)	(1.4)	(0.6)
Loss from discontinued operations	(0.1)	(1.1)	(4.3)	(1.1)
Net income	$124.0	$109.8	$377.6	$259.2
Net income per share of common stock:				
Income per share continuing operations	$0.87	$0.77	$2.65	$1.80
Loss per share discontinued operations	—	(0.01)	(0.03)	(0.01)
Net income per share - basic	$0.87	$0.76	$2.62	$1.79
Diluted net income per share of common stock:				
Income per share continuing operations	$0.86	$0.76	$2.62	$1.78
Loss per share discontinued operations	—	(0.01)	(0.03)	(0.01)
Net income per share - diluted	$0.86	$0.75	$2.59	$1.77
Weighted average shares of stock outstanding - basic	142.5	144.5	143.9	144.4
Weighted average shares of stock outstanding - diluted	143.9	146.5	145.6	146.3

The accompanying notes are an integral part of these unaudited financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
(AMOUNTS IN MILLIONS) (UNAUDITED)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	$124.0	$109.8	$377.6	$259.2
Other comprehensive income (loss):				
Foreign currency translation adjustments	(2.0)	10.4	(13.5)	4.7
Unrealized gain (loss) on investments, net of tax	0.2	0.4	0.3	0.8
Defined benefit pension plans:				
Change in benefit obligations, translation adjustment	(0.1)	(0.4)	0.2	(0.8)
Amortization of amounts included in net periodic benefit cost:				
Actuarial loss, net of tax	1.1	0.9	3.4	2.6
Prior service cost, net of tax	0.1	0.2	0.3	0.6
Other	—	(0.1)	0.1	(0.1)
Other comprehensive income (loss)	(0.7)	11.4	(9.2)	7.8
Comprehensive income	$123.3	$121.2	$368.4	$267.0

The accompanying notes are an integral part of these unaudited financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
(AMOUNTS IN MILLIONS) (UNAUDITED)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$124.0	$109.8	$377.6	$259.2
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	30.7	31.1	91.8	91.3
Equity in (income) loss of unconsolidated affiliates, including dividends	1.3	(0.2)	0.2	(1.2)
(Gain) loss on sale or impairment of long-lived assets, net	0.3	0.7	(0.3)	(1.8)
Other operating credits and charges, net	(6.2)	(0.9)	(6.9)	4.5
Stock-based compensation related to stock plans	2.1	2.0	6.9	8.0
Exchange (gain) loss on remeasurement	0.5	(0.1)	0.5	1.6
Cash settlements of warranties, net of accruals	(0.7)	0.1	(2.2)	(5.5)
Cash settlements of contingencies, net of accruals	(0.6)	(0.3)	(2.1)	(0.5)
Pension contributions	(35.8)	(6.1)	(40.9)	(12.7)
Pension expense	2.3	2.9	6.9	8.8
Other adjustments, net	(0.1)	0.2	0.6	0.4
Changes in assets and liabilities:				
(Increase) decrease in receivables	19.2	(17.1)	(26.2)	(61.9)
(Increase) decrease in inventories	1.7	(8.5)	(11.7)	4.5
(Increase) decrease in prepaid expenses	1.1	0.6	(4.1)	(2.7)
Increase (decrease) in accounts payable and accrued liabilities	1.9	18.1	(17.6)	12.8
Increase in income taxes	9.5	11.1	46.7	0.2
Net cash provided by operating activities	151.2	143.4	419.2	305.0
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property, plant and equipment additions	(62.8)	(35.0)	(150.4)	(80.7)
Proceeds from sales of assets	—	0.1	0.9	3.3
Investments in unconsolidated affiliate	—	—	(45.0)	—
Payment of long-term deposit	—	—	—	(32.0)
Receipt of proceeds from notes receivable from asset sales	—	—	22.2	—
Other investing activities	(0.1)	0.1	(0.4)	0.3
Net cash used in investing activities	(62.9)	(34.8)	(172.7)	(109.1)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of long-term debt	(22.1)	(1.2)	(22.4)	(2.5)
Payment of cash dividends	(18.5)	—	(56.1)	—
Purchase of treasury stock	(59.8)	—	(98.7)	—
Sale of common stock, net of cash payments under equity plans	—	—	0.1	(0.4)
Taxes paid related to net share settlement of equity awards	(1.5)	(0.5)	(9.3)	(5.3)
Other financing activities	—	—	3.1	—
Net cash used in financing activities	(101.9)	(1.7)	(183.3)	(8.2)
EFFECT OF EXCHANGE RATE ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(0.6)	1.8	(4.5)	1.7
Net increase in cash, cash equivalents and restricted cash	(14.2)	108.7	58.7	189.4

Cash, cash equivalents and restricted cash at beginning of period	1,014.2	753.2	941.3	672.5
Cash, cash equivalents and restricted cash at end of period	$1,000.0	$861.9	$1,000.0	$861.9

The accompanying notes are an integral part of these unaudited financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
(AMOUNTS IN MILLIONS EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2017	153.4	$ 153.4	8.4	$ (177.5)	$ 470.6	$ 1,280.1	$ (122.1)	$ 1,604.5
Effect of adoption of ASU 2014-09[1]						(4.4)		(4.4)
Effect of adoption of ASU 2018-02[1]						16.7	(16.7)	—
Net income						377.6		377.6
Dividends paid						(56.1)		(56.1)
Issuance of shares for stock plans and stock-based compensation			(0.9)	21.1	(21.0)			0.1
Purchase of treasury stock			3.5	(98.7)				(98.7)
Compensation expense associated with stock-based compensation					6.9			6.9
Taxes paid related to net settlement of stock-based awards			0.5	(9.3)				(9.3)
Other comprehensive loss							(9.2)	(9.2)
Balance, September 30, 2018	153.4	$ 153.4	11.5	$ (264.4)	$ 456.5	$ 1,613.9	$ (148.0)	$ 1,811.4

[1]See Note 2 for additional detail regarding the adoption of new accounting standards.

The accompanying notes are an integral part of these unaudited financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS FOR PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of us and our subsidiaries for the interim periods presented. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017.

NOTE 2 - NEW ACCOUNTING STANDARDS AND CERTAIN RECLASSIFICATIONS

On January 1, 2018, we adopted ASU 2014-09, "Revenue from Contracts with Customers" (ASC 606), and all the related amendments to all contracts using the modified retrospective method. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. We expect the impact of the adoption of the new revenue standard to be immaterial to our net income on an ongoing basis. Recognition of a portion of our sales revenue has been delayed due to the timing of satisfying the performance obligations. The new revenue standard also provided additional clarity that resulted in reclassifications to or from net sales and selling, general and administrative expenses.

On January 1, 2018, we adopted ASU 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.” The guidance allows us to reclassify the stranded tax effects within Accumulated other comprehensive income to Retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act (the Tax Act) is recorded.

The cumulative effect of the changes made to our Consolidated Balance Sheet as of January 1, 2018 for the adoption of ASU 2014-09 and ASU 2018-02 is as follows:

Dollar amounts in millions	Balance at December 31, 2017	ASU 2014-09	ASU 2018-02	Balance at January 1, 2018
Receivables, net of allowance for doubtful accounts	$ 142.5	$ (21.7)	$ —	$ 120.8
Inventories	259.1	15.8	—	274.9
Deferred tax asset	2.5	1.5	—	4.0
Retained earnings	1,280.1	(4.4)	16.7	1,292.4
Accumulated comprehensive loss	(122.1)	—	(16.7)	(138.8)

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In accordance with the new revenue standard requirements, the disclosure of the impact on our Consolidated Statement of Income and Consolidated Balance Sheet is as follows:

Dollar amounts in millions	Quarter Ended September 30, 2018			Nine Months Ended September 30, 2018		
	As reported	Balances without adoption of ASC 606	Effect of Change Higher (Lower)	As reported	Balances without adoption of ASC 606	Effect of Change Higher (Lower)
Consolidated Statement of Income						
Net sales	$736.8	$ 725.1	11.7	$2,238.9	$2,245.9	$ (7.0)
Cost of sales	524.0	517.6	6.4	1,588.7	1,592.6	(3.9)
Selling, general and administrative expenses	51.2	52.4	(1.2)	151.9	155.0	(3.1)
Provision for income taxes	41.8	40.2	1.6	122.7	122.7	—
Net income	124.0	119.1	4.9	377.6	377.6	—
Consolidated Balance Sheet	September 30, 2018					
Receivables, net of allowance for doubtful accounts	$143.5	$ 169.1	$ (25.6)			
Inventory	284.4	264.7	19.7			
Income taxes payable	11.6	10.1	1.5			
Retained earnings	1,613.9	1,618.3	(4.4)			

On January 1, 2018, we adopted ASU 2017-07, "Retirement Benefits - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" (an amendment to ASC 715), to improve the presentation of net periodic pension and postretirement benefit costs. We retrospectively adopted the presentation of service cost separate from the other components of net periodic costs. The interest cost, expected return on assets, amortization of prior service costs, amortization of net actuarial losses and settlement costs have been reclassified from Cost of sales, Selling, general and administrative expenses and Other operating credits and charges to Non-operating income (expense). We elected to apply the practical expedient which allows us to reclassify amounts disclosed previously in the retirement benefits note as the basis for applying retrospective presentation for comparative periods as it is impracticable to determine the disaggregation of the cost components for amounts capitalized and amortized in those periods. On a prospective basis, the other components of net periodic benefit costs (excluding service cost) will not be included in amounts capitalized in inventory or property, plant, and equipment. In addition to the effects of ASU 2017-07, we have reclassified depreciation and amortization into the financial statement caption that reflects the category of the expense to be more comparable with our peers.

The effect of the retrospective presentation change related to the net periodic cost of our defined benefit pension and reclassification of depreciation and amortization on our Consolidated Statement of Income for the quarter and nine months ended September 30, 2017 is as follows:

Dollar amounts in millions	Quarter Ended September 30, 2017			
	As reported	ASU 2017-07	Reclassi- fications	As adjusted
Consolidated Statement of Income				
Cost of sales (exclusive of depreciation and amortization shown separately below)	$478.3	$ (1.0)	$ 30.4	$507.7
Depreciation and amortization	31.1	—	(31.1)	—
Selling, general and administrative expenses	49.2	(0.6)	0.7	49.3
Income from operations	159.9	1.6	—	161.5
Total non-operating income (expense)	(2.6)	(1.6)	—	(4.2)

Dollar amounts in millions	Nine Months Ended September 30, 2017 As reported	ASU 2017-07	Reclassi-fications	As adjusted
Consolidated Statement of Income				
Cost of sales (exclusive of depreciation and amortization shown separately below)	$1,416.3	$ (3.1)	89.1	$1,502.3
Depreciation and amortization	91.3	—	(91.3)	—
Selling, general and administrative expenses	144.8	(1.7)	2.2	145.3
Income from operations	368.2	4.8	—	373.0
Total non-operating income (expense)	(10.0)	(4.8)	—	(14.8)

On January 1, 2018, we adopted ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." The adoption of this standard requires the inclusion of the change in amounts described as restricted cash or restricted cash equivalents to be included as part of our Consolidated Statement of Cash Flows.

In accordance with disclosure requirements of this new accounting standard, the impact of adoption on our Consolidated Statement of Cash Flows for the quarter and nine months ended September 30, 2017 is as follows:

Dollar amounts in millions	Quarter Ended September 30, 2017 As reported	ASU 2016-18	As adjusted
Consolidated Statement of Cash Flows			
Net cash provided by (used in) investing activities	$(34.8)	$ —	$(34.8)
Effect of exchange rate on cash, cash equivalents and restricted cash	1.8	—	1.8
Net increase in cash, cash equivalents and restricted cash	108.7	—	108.7
Cash, cash equivalents and restricted cash at beginning of period	740.0	13.2	753.2
Cash, cash equivalents and restricted cash at end of period	848.7	13.2	861.9

Dollar amounts in millions	Nine Months Ended September 30, 2017 As reported	ASU 2016-18	As adjusted
Consolidated Statement of Cash Flows			
Net cash provided by (used in) investing activities	$(109.3)	$ 0.2	$(109.1)
Effect of exchange rate on cash, cash equivalents and restricted cash	1.9	(0.2)	1.7
Net increase in cash, cash equivalents and restricted cash	189.4	—	189.4
Cash, cash equivalents and restricted cash at beginning of period	659.3	13.2	672.5
Cash, cash equivalents and restricted cash at end of period	848.7	13.2	861.9

In March 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, "Leases (Topic 842)", which supersedes the lease accounting requirements in ASC Topic 840, "Leases". The new standard requires entities to recognize, separately from each other, an asset for its right to use (ROU) the underlying asset equal to the liability for its finance and operating lease obligations. Further, the entity is required to present separately the current and non-current portion of the ROU asset and corresponding lease liability. In July 2018, the FASB issued ASU 2018-10, "Codification Improvements to Topic 842, Leases", which clarifies certain aspects of the new lease standard. The amendments in this ASU address the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments, among other things. In July 2018, the FASB issued ASU 2018-11, "Leases (Topic 842)" Targeted Improvements, which provides an additional (and optional) transition method whereby the new lease standard is applied at the adoption date and recognized as an adjustment to retained earnings. The amendments have the same effective date and transition requirements as the new lease standard. We will adopt the standard on January 1, 2019 using this optional transition method. The adoption of the new standard will result in a significant increase to our balance sheet for lease liabilities and right-of-use assets. The extent of the increase to assets and liabilities associated with these amounts remains to be determined pending our completion of the review of existing lease contracts. We are in the process of implementing a new system, collecting data and designing processes and controls to account for our leases in accordance with the new standard.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement", which amends the fair value measurement disclosure requirements of ASC 820. The amended guidance modifies the disclosure requirements of assets and liabilities measured at fair value by removing and adding certain disclosures for these measurements. The eliminated disclosures include the valuation processes for Level 3 fair value measurements. Additional disclosures include the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods therein. Early adoption is permitted. The adoption of this guidance will modify our disclosures but will not have a material effect on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, "Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans", which amends ASC 715 to add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The amended guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other post-retirement plans by removing and adding certain disclosures for these plans. The eliminated disclosures include (a) the amounts in accumulated Other Comprehensive Income (OCI) expected to be recognized in net periodic benefit costs over the next fiscal year, and (b) the effects of a one percentage point change in assumed health care cost trend rates on the net periodic benefit costs and the benefit obligation for post-retirement health care benefits. Additional disclosures include descriptions of significant gains and losses affecting the benefit obligation for the period. The amended guidance is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The adoption of this guidance will modify our disclosures but will not have a material effect on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract", which provides additional guidance on the accounting for costs of implementation activities performed in a cloud computing arrangement that is a service contract. The amendments require an entity in such arrangements to account for implementation costs in the same manner as internal-use software as outlined in ASC 350. The amended guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact, that the adoption of this guidance will have on our financial statements and related disclosures.

NOTE 3 - REVENUE

Revenue is recognized when obligations under the terms of a contract (purchase orders) with our customers are satisfied; generally, this occurs with the transfer of control of our products. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. Shipping cost incurred by us to deliver products to our customers are recorded in cost of sales. The expected costs associated with our warranties continue to be recognized as expense when the products are sold. We recognize revenue as of a point in time.

Customer programs and incentives are a common practice in our businesses. Our businesses incur customer program costs to obtain favorable product placement, to promote sales of products and to maintain competitive pricing. Customer program costs and incentives, including rebates and promotion and volume allowances, are accounted for as deductions from net sales at the time the program is initiated. These reductions from revenue are recorded at the later of the time of sale or the implementation of the program based on management’s best estimates. Estimates are based on historical and projected experience for each type of program or customer. Volume allowances are accrued based on management’s estimates of customer volume achievement and other factors incorporated into customer agreements, such as new product purchases, store sell-through and merchandising support. Management periodically reviews accruals for these rebates and allowances, and adjusts accruals when circumstances indicate (typically as a

result of a change in volume expectations). As of September 30, 2018 and December 31, 2017, we had $27.5 million and $24.2 million accrued as customer rebates recorded in Accounts payable and accrued liabilities on our Consolidated Balance Sheets.

We ship some of our products to customers' distribution centers on a consignment basis. We retain title to our products stored at the distribution centers. As our products are removed from the distribution centers by retailers and shipped to retailers' stores, title passes from us to the retailers. At that time, we invoice the retailers and recognize revenue for these consignment transactions. We do not offer a right of return for products shipped to the retailers' stores from the distribution centers. The amount of consignment inventory as of September 30, 2018 and December 31, 2017 was $18.2 million and $18.3 million.

The following tables disaggregate our revenue by product line and product type by segment for the quarter and nine months ended September 30, 2018:

Quarter Ended September 30, 2018

By Product family:	Siding	OSB	EWP	South America	Other	Inter-segment	Total
SmartSide® Strand siding	$187.7	$—	$—	$ 3.4	$ —	$ —	$191.1
SmartSide® Fiber siding	30.4	—	—	—	—	—	30.4
CanExel® siding	7.0	—	—	—	—	—	7.0
OSB - commodity	13.3	196.5	1.0	—	—	—	210.8
OSB - value-add	0.4	150.9	3.5	30.4	—	—	185.2
LVL	—	—	35.7	—	—	—	35.7
LSL	—	—	18.1	—	—	—	18.1
I-joist	—	—	34.1	—	—	—	34.1
Plywood	—	—	7.7	—	—	—	7.7
Other	2.0	1.7	4.7	0.7	7.6	—	16.7
	$240.8	$349.1	$104.8	$ 34.5	$ 7.6	$ —	$736.8
By Product type:							
Commodity	$13.3	$196.5	$8.7	$ —	$ —	$ —	$218.5
Value-add	225.5	150.9	91.4	33.8	—	—	501.6
Other	2.0	1.7	4.7	0.7	7.6	—	16.7
	$240.8	$349.1	$104.8	$ 34.5	$ 7.6	$ —	$736.8

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Nine Months Ended September 30, 2018

By Product family:	Siding	OSB	EWP	South America	Other	Inter-segment	Total
SmartSide® Strand siding	$546.3	$—	$—	$ 17.1	$—	$ —	$563.4
SmartSide® Fiber siding	84.2	—	—	—	—	—	84.2
CanExel® siding	33.4	—	—	—	—	—	33.4
OSB - commodity	34.4	608.5	9.0	—	—	—	651.9
OSB - value-add	22.0	435.4	11.4	102.5	—	—	571.3
LVL	—	—	112.7	—	—	—	112.7
LSL	—	—	48.8	—	—	—	48.8
I-joist	—	—	97.7	—	—	—	97.7
Plywood	—	—	23.3	—	—	—	23.3
Other	9.1	5.9	11.7	2.6	22.9	—	52.2
	$729.4	$1,049.8	$314.6	$ 122.2	$22.9	$ —	$2,238.9
By Product type:							
Commodity	$34.4	$608.5	$32.3	$ —	$—	$ —	$675.2
Value-add	685.9	435.4	270.6	119.6	—	—	1,511.5
Other	9.1	5.9	11.7	2.6	22.9	—	52.2
	$729.4	$1,049.8	$314.6	$ 122.2	$22.9	$ —	$2,238.9

The following tables disaggregate our revenue by product line and product type by segment for the quarter and nine months ended September 30, 2017:

Quarter Ended September 30, 2017

By Product family:	Siding	OSB	EWP	South America	Other	Inter-segment	Total
SmartSide® Strand siding	$161.6	$—	$—	$ 3.3	$ —	$ (1.7)	$163.2
SmartSide® Fiber siding	28.4	—	—	—	—	—	28.4
CanExel® siding	13.1	—	—	—	—	—	13.1
OSB - commodity	20.2	209.5	1.8	—	—	—	231.5
OSB - value-add	—	139.1	3.4	34.0	—	—	176.5
LVL	—	—	37.7	—	—	—	37.7
LSL	—	—	12.5	—	—	—	12.5
I-joist	—	—	32.0	—	—	—	32.0
Plywood	—	—	8.2	—	—	—	8.2
Other	2.9	2.3	2.5	1.0	6.5	—	15.2
	$226.2	$350.9	$98.1	$ 38.3	$ 6.5	$ (1.7)	$718.3
By Product type:							
Commodity	$20.2	$209.5	$10.0	$ —	$ —	$ —	$239.7
Value-add	203.1	139.1	85.6	37.3	—	(1.7)	463.4
Other	2.9	2.3	2.5	1.0	6.5	—	15.2
	$226.2	$350.9	$98.1	$ 38.3	$ 6.5	$ (1.7)	$718.3

Nine Months Ended September 30, 2017

By Product family:	Siding	OSB	EWP	South America	Other	Inter-segment	Total
SmartSide® Strand siding	$482.0	$—	$—	$ 14.1	$—	$ (3.5)	$492.6
SmartSide® Fiber siding	86.4	—	—	—	—	—	86.4
CanExel® siding	41.6	—	—	—	—	—	41.6
OSB - commodity	53.6	551.5	6.9	—	—	—	612.0
OSB - value-add	—	384.3	9.9	97.8	—	—	492.0
LVL	—	—	107.9	—	—	—	107.9
LSL	—	—	35.1	—	—	—	35.1
I-joist	—	—	88.1	—	—	—	88.1
Plywood	—	—	18.8	—	—	—	18.8
Other	7.6	8.5	7.7	2.9	22.3	(0.2)	48.8
	$671.2	$944.3	$274.4	$ 114.8	$22.3	$ (3.7)	$2,023.3
By Product type:							
Commodity	$53.6	$551.5	$25.7	$ —	$—	$ —	$630.8
Value-add	610.0	384.3	241.0	111.9	—	(3.5)	1,343.7
Other	7.6	8.5	7.7	2.9	22.3	(0.2)	48.8
	$671.2	$944.3	$274.4	$ 114.8	$22.3	$ (3.7)	$2,023.3

NOTE 4 - STOCK-BASED COMPENSATION

We have a Management Incentive Plan (MIP) that is administered by the Compensation Committee of the Board of Directors. The Compensation Committee authorizes the grants of restricted stock (shares or units), performance share awards payable in stock based upon the attainment of specified performance goals and stock settled stock appreciation rights (SSARs). As of September 30, 2018, 2.9 million shares were available for grant under the 2013 Omnibus Plan.

	Quarter Ended September 30,		Nine Months Ended September 30,	
Dollar amounts in millions	2018	2017	2018	2017
Total stock-based compensation expense (cost of sales, selling, general and administrative and other operating credits and charges, net)	$2.1	$2.0	$6.9	$8.0
Income tax provision related to stock-based compensation	(0.3)	0.2	(3.1)	0.5
Impact on cash flow due to taxes paid related to net share settlement of equity awards	1.5	0.5	9.3	5.3

At September 30, 2018, $13.7 million of compensation cost related to unvested performance shares, restricted stock and SSARs attributable to future service had not yet been recognized.

During the first nine months of 2018, we granted 159,054 performance units at an average grant date fair value of $29.31 per share and 321,048 restricted stock units at an average grant date fair value of $26.96 per share.

NOTE 5 – FAIR VALUE MEASUREMENTS

We estimated our Senior Notes due in 2024 to have a fair value of $350.2 million at September 30, 2018 and $363.9 million at December 31, 2017 based upon market quotations.

Carrying amounts reported on the balance sheet for cash and cash equivalents, accounts receivables, accounts payable and current portion of long-term debt approximate fair value due to the short-term maturity of these items.

NOTE 6 – EARNINGS PER SHARE

Basic earnings per share are based upon the weighted-average number of shares of common stock outstanding. Diluted earnings per share are based upon the weighted-average number of shares of common stock outstanding, plus all potentially dilutive securities that were assumed to be converted into common shares at the beginning of the period under the treasury stock method. Our potentially dilutive securities consist of restricted stock, restricted stock units, performance share awards and SSARs.

Share amounts in millions	Quarter Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Denominator for basic earnings per share:				
Weighted average common shares outstanding - basic	142.5	144.5	143.9	144.4
Effect of dilutive securities:				
Dilutive effect of employee stock plans	1.4	2.0	1.7	1.9
Denominator for diluted earnings per share:				
Weighted average shares outstanding - diluted	143.9	146.5	145.6	146.3

For the quarter and nine months ended September 30, 2018, there were no SSARs that were considered not in-the-money for purposes of our earnings per share calculation.

For the quarter and nine months ended September 30, 2017, SSARs relating to approximately 0.2 million shares of our common stock were considered not in-the-money for purposes of our earnings per share calculation.

NOTE 7 – RECEIVABLES

Receivables consist of the following:

Dollar amounts in millions	September 30, 2018	December 31, 2017
Trade receivables	$ 124.6	$ 124.6
Income tax receivable	2.3	2.2
Other receivables	17.4	16.6
Allowance for doubtful accounts	(0.8)	(0.9)
Total	$ 143.5	$ 142.5

Other receivables at September 30, 2018 and December 31, 2017 primarily consist of sales tax receivables, a receivable associated with an affiliate, receivables for tax credits and other miscellaneous receivables.

NOTE 8 – INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Inventory cost includes materials, labor and operating overhead. The major types of inventories are as follows (work in process is not material):

Dollar amounts in millions	September 30, 2018	December 31, 2017
Logs	$ 50.3	$ 60.3
Other raw materials	24.6	20.8
Semi-finished inventory	20.5	24.3
Finished products	189.0	153.7
Total	$ 284.4	$ 259.1

NOTE 9 - INVESTMENTS IN AND ADVANCES TO AFFILIATES

During the second quarter of 2018, we invested $45.0 million in Entekra Holdings, LLC (Entekra), a start-up design, engineering and manufacturing company that provides off-site framing for both residential and commercial construction. This investment is recorded as an equity investment based upon the joint control of Entekra's operations. We own 81.8% of the A units and 55% of the B units of this operation. Our portion of the earnings and losses of Entekra is included in our Consolidated Statement of Income as Income (loss) from unconsolidated affiliate.

At September 30, 2018, we have an investment in a joint venture with Resolute Forest Products to operate jointly owned I-Joist facilities in Quebec. We are the exclusive distributor of the I-joists produced and sold by the joint venture and these operations are considered an integral part of our operations. Our portion of the earnings and losses of these operations are classified as a reduction in cost of sales.

NOTE 10 – INCOME TAXES

Accounting standards state that companies account for income taxes using the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. This method also requires the recognition of future tax benefits, such as net operating loss carryforwards and other tax credits. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Valuation allowances are recorded as necessary to reduce deferred tax assets to the amount thereof that is more likely than not to be realized. The likelihood of realizing deferred tax assets is evaluated by, among other things, estimating future taxable income, considering the future reversal of existing deferred tax liabilities to which the deferred tax assets may be applied and assessing the impact of tax planning strategies.

For interim periods, accounting standards require that income tax expense be determined by applying the estimated annual effective income tax rate to year-to-date results unless this method does not result in a reliable estimate of year-to-date income tax expense. Each period, the income tax accrual is adjusted to the latest estimate and the difference from the previously accrued year-to-date balance is adjusted to the current quarter. Changes in the profitability estimates in various jurisdictions will impact our quarterly effective income tax rates.

The Tax Act reduced the U.S. federal tax rate from 35% in 2017 to 21% in 2018 and eliminated the deduction for Domestic Production Activities. We estimate that these changes will result in a reduction of approximately 7% in our overall effective tax rate for 2018.

For the first nine months of 2018, the primary differences between the U.S. statutory rate of 21% and the 24% effective rate applicable to our income from continuing operations relate to state income tax, discretionary pension payments, foreign tax rates and tax deductions related to stock-based compensation. For the first nine months of 2017, the primary differences between the U.S. statutory rate of 35% and the 27% effective rate applicable to our continuing operations relate to foreign tax rates, changes in Canadian valuation allowances, and the deduction for U.S. Domestic Production Activities.

During the second quarter of 2017, we deposited $32.0 million with U.S. I.R.S. to suspend the running of interest on potential underpayments of disputable income tax amounts for the year 2016.
We periodically review the need for valuation allowances against deferred tax assets and recognize these deferred tax assets to the extent that the realization is more likely than not. As part of our review, we consider all positive and negative evidence, including earnings history, the future reversal of deferred tax liabilities, and the relevant expirations of carryforwards. We believe the valuation allowances provided are appropriate. If in future periods our earnings estimates differ from the estimates used to establish these valuation allowances, or other objective positive or negative evidence arises, we may be required to record an adjustment resulting in an impact on tax expense (benefit) for that period.
At the end of 2017, we recorded a provisional benefit of $18.4 million resulting from the reduction in the carrying value of our U.S. deferred tax liabilities to reflect the change in the U.S. corporate income tax rate from 35% to 21% under the Tax Act. During the first nine months of 2018, we revised our estimate of the amount of deferred taxes related to discretionary pension contributions, and recorded an additional benefit of $3.1 million as a discrete item in the second quarter.
Our accounting of other elements of the Tax Act is complete and there were no adjustments to the provisional amounts previously recorded.

NOTE 11 - OTHER OPERATING CREDITS AND CHARGES

	Quarter Ended September 30,		Nine Months Ended September 30,	
Dollar amounts in millions	2018	2017	2018	2017
Reorganization charges	$(0.9)	$—	$(4.7)	$—
Adjustment to product-related warranty reserves	7.7	—	7.7	(5.4)
Refund of environmental costs	—	—	8.3	—
Refund of sales and use taxes	—	0.9	—	0.9
Expenses related to hurricane	(0.5)	—	(0.5)	—
Other	—	—	0.4	—
	$6.3	$0.9	$11.2	$(4.5)

During the third quarter of 2018, we recorded a gain of $7.7 million related to the reduction in product-related warranty reserves associated with CanExel products sold in specific geographic locations and for a specific time period based upon reductions in claims activities. Additionally, we recorded $0.9 million in severance and other charges related to certain reorganizations and a loss of $0.5 million related to property damage sustained by our Wilmington facility during the recent hurricane.

During the first nine months of 2018 in addition to the above, we recorded a gain of $8.3 million related to the settlement of previously-paid environmental costs or the liability for future environmental costs to be paid by a third party associated with a non-operating site, $3.8 million in severance and other charges related to certain reorganizations within the corporate offices, including the costs associated with the retirement of our previous chief financial officer and a gain of $0.4 million related to a previously-settled claim associated with our hardboard siding.

During the third quarter of 2017, we recorded a refund of $0.9 million related to sales and use taxes.

During the first nine months of 2017 in addition to the above, we recorded an increase of $5.4 million related to product-related warranty reserves associated with CanExel products sold in specific geographic locations and for a specific time period based upon increases in claims activities.

NOTE 12 – LEGAL AND ENVIRONMENTAL MATTERS

Certain environmental matters and legal proceedings are discussed below.

Environmental Matters

We maintain a reserve for undiscounted estimated environmental loss contingencies. This reserve is primarily for estimated future costs of remediation of hazardous or toxic substances at numerous sites currently or previously owned by the Company. Our estimates of our environmental loss contingencies are based on various assumptions and judgments, the specific nature of which varies in light of the particular facts and circumstances surrounding each environmental loss contingency. These estimates typically reflect assumptions and judgments as to the probable nature, magnitude and timing of required investigation, remediation and/or monitoring activities and the probable cost of these activities, and in some cases reflect assumptions and judgments as to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of the cost of these activities. Due to the numerous uncertainties and variables associated with these assumptions and judgments, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. We regularly monitor our estimated exposure to environmental loss contingencies and, as additional information becomes known, may change our estimates significantly. However, no estimate of the range of any such change can be made at this time.

The activity in our reserve for estimated environmental loss contingency reserves for the quarter and nine months ended September 30, 2018 and 2017 is summarized in the following table.

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
Dollar amounts in millions	2018	2017	2018	2017
Beginning balance	$12.5	$15.7	$15.0	$15.9
Adjusted to expense	(0.8)	0.8	(1.6)	0.9
Payments made	(0.3)	(1.0)	(2.0)	(1.3)
Ending balance	$11.4	$15.5	$11.4	$15.5

Recorded in Other assets is $2.0 million related to a receivable for reimbursements of environmental costs associated with a non-operating site as of September 30, 2018.

Other Proceedings

We and our subsidiaries are parties to other legal proceedings. Based on the information currently available, management believes the resolution of such proceedings will not have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

NOTE 13 – SELECTED SEGMENT DATA

We operate in four segments: Siding, OSB, EWP and South America. Our business units have been aggregated into these four segments based upon the similarity of economic characteristics, customers and distribution methods. Our results of operations are summarized below for each of these segments separately as well as for the “other” category which comprises other products that are not individually significant. Segment information was prepared in accordance with the same accounting principles as those described in Note 1 of the Notes to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Dollar amounts in millions	Quarter Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
Net sales				
Siding	$240.8	$226.2	$729.4	$671.2
OSB	349.1	350.9	1,049.8	944.3
EWP	104.8	98.1	314.6	274.4
South America	34.5	38.3	122.2	114.8
Other	7.6	6.5	22.9	22.3
Intersegment sales	—	(1.7)	—	(3.7)
	$736.8	$718.3	$2,238.9	$2,023.3
Operating profit (loss):				
Siding	$59.8	$53.3	$167.8	$142.9
OSB	114.8	126.8	369.6	290.6
EWP	8.5	6.5	19.9	12.6
South America	6.5	5.8	25.0	16.4
Other	(1.2)	(1.6)	(2.9)	(2.7)
Other operating credits and charges, net	6.3	0.9	11.2	(4.5)
Gain (loss) on sale or impairment of long-lived assets, net	(0.3)	(0.7)	0.3	1.8
General corporate and other expenses, net	(27.9)	(29.5)	(82.8)	(84.1)
Interest expense, net of capitalized interest	(3.9)	(4.9)	(12.7)	(14.8)
Investment income	5.5	2.9	13.5	7.2
Other non-operating items	(2.2)	(2.2)	(4.3)	(7.2)
Income from continuing operations before taxes	165.9	157.3	504.6	358.2
Provision for income taxes	41.8	46.4	122.7	97.9
Income from continuing operations	$124.1	$110.9	$381.9	$260.3

NOTE 14 – POTENTIAL IMPAIRMENTS

We continue to review certain operations and investments for potential impairments. We currently believe we have adequate support for the carrying value of each of these operations and investments based upon the anticipated cash flows that result from estimates of future demand, pricing and production costs assuming certain levels of planned capital expenditures.

We also review from time to time possible dispositions of various assets in light of current and anticipated economic and industry conditions, its strategic plan and other relevant circumstances. Because a determination to dispose of particular assets can require management to make assumptions regarding the transaction structure of the disposition and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, we may be required to record impairment charges in connection with decisions to dispose of assets.

NOTE 15 – PRODUCT WARRANTY

We provide warranties on the sale of most of our products and record an accrual for estimated future claims. Such accruals are based upon historical experience and management's estimate of the level of future claims. The activity in warranty reserves for the quarter and nine months ended September 30, 2018 and 2017 are summarized in the following table:

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
Dollar amounts in millions	2018	2017	2018	2017
Beginning balance	$22.8	$25.3	$24.7	$24.1
Accrued to expense	0.2	0.2	0.8	0.6
Accrued (reduced) to other operating credits and charges	(7.7)	—	(7.7)	5.4
Accrued to discontinued operations	—	1.5	—	1.5
Foreign currency translation	(0.1)	0.6	(0.5)	2.0
Payments made	(0.8)	(1.6)	(2.9)	(7.6)
Total warranty reserves	14.4	26.0	14.4	26.0
Current portion of warranty reserves	(4.0)	(9.0)	(4.0)	(9.0)
Long-term portion of warranty reserves	$10.4	$17.0	$10.4	$17.0

We continue to monitor warranty and other claims associated with these products and believe as of September 30, 2018 that the reserves associated with these matters are adequate. However, it is possible that additional changes may be required in the future.

The current portion of the warranty reserve is included in the caption "Accounts payable and accrued liabilities" and the long-term portion is included in Other long-term liabilities on our Consolidated Balance Sheets.

NOTE 16 - OTHER COMPREHENSIVE INCOME

Other comprehensive income activity, net of tax, is provided in the following table for the quarter and nine months ended September 30, 2018:

		Pension Adjustments				
Dollar amounts in millions	Foreign currency translation adjustments	Actuarial losses	Prior service costs	Unrealized gain (loss) on investments	Other	Total
Balance at June 30, 2018	$ (51.2)	$(94.3)	$(4.7)	$ 4.3	$(1.4)	$(147.3)
Other comprehensive income (loss) before reclassifications	(2.0)	(0.1)	—	0.2	—	(1.9)
Income taxes	—	—	—	—	—	—
Net other comprehensive income (loss) before reclassifications	(2.0)	(0.1)	—	0.2	—	(1.9)
Amounts reclassified from accumulated comprehensive income (loss)	—	1.5	0.1	—	—	1.6
Income taxes	—	(0.4)	—	—	—	(0.4)
Net amounts reclassified from cumulative other comprehensive income (loss)	—	1.1	0.1	—	—	1.2
Total other comprehensive income (loss)	(2.0)	1.0	0.1	0.2	—	(0.7)
Balance at September 30, 2018	$ (53.2)	$(93.3)	$(4.6)	$ 4.5	$(1.4)	$(148.0)

Dollar amounts in millions	Foreign currency translation adjustments	Pension Adjustments