

APTARGROUP INC
Form 10-Q
May 04, 2010
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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 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010

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 1-11846

Aptargroup, Inc.

DELAWARE
(State of Incorporation)

36-3853103
(I.R.S. Employer Identification No.)

475 WEST TERRA COTTA AVENUE, SUITE E, CRYSTAL LAKE, ILLINOIS 60014

815-477-0424

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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. (Check one):

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 Exchange 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 at April 29, 2010
Common Stock, \$.01 par value per share	67,885,912 shares

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Aptargroup, Inc.

Form 10-Q

Three Months Ended March 31, 2010

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Aptargroup, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

In thousands, except per share amounts

Three Months Ended March 31,	2010	2009
Net Sales	\$ 505,469	\$ 431,816
Operating Expenses:		
Cost of sales (exclusive of depreciation shown below)	331,156	289,721
Selling, research & development and administrative	78,696	71,438
Depreciation and amortization	33,991	30,101
	443,843	391,260
Operating Income	61,626	40,556
Other Income (Expense):		
Interest expense	(3,472)	(3,447)
Interest income	766	1,275
Miscellaneous, net	(1,002)	(119)
	(3,708)	(2,291)
Income before Income Taxes	57,918	38,265
Provision for Income Taxes	18,823	11,671
Net Income	39,095	26,594
Net (Income)/Loss Attributable to Noncontrolling Interests	(73)	71
Net Income Attributable to Aptargroup, Inc.	\$ 39,022	\$ 26,665
Net Income Attributable to Aptargroup, Inc. per Common Share:		
Basic	\$.58	\$.39
Diluted	\$.56	\$.38
Average Number of Shares Outstanding:		
Basic	67,576	67,677
Diluted	70,077	69,519
Dividends per Common Share	\$.15	\$.15

See accompanying unaudited notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

In thousands, except per share amounts

	March 31, 2010	December 31, 2009
Assets		
Current Assets:		
Cash and equivalents	\$ 337,807	\$ 332,964
Accounts and notes receivable, less allowance for doubtful accounts of \$9,565 in 2010 and \$9,923 in 2009	352,394	319,787
Inventories, net	235,990	230,807
Prepayments and other	67,405	59,933
	993,596	943,491
Property, Plant and Equipment:		
Buildings and improvements	313,359	322,498
Machinery and equipment	1,572,483	1,612,945
	1,885,842	1,935,443
Less: Accumulated depreciation	(1,171,925)	(1,190,576)
	713,917	744,867
Land	18,503	19,201
	732,420	764,068
Other Assets:		
Investments in affiliates	847	898
Goodwill	224,683	230,578
Intangible assets, net	7,645	9,088
Miscellaneous	7,401	8,070
	240,576	248,634
Total Assets	\$ 1,966,592	\$ 1,956,193

See accompanying unaudited notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

In thousands, except per share amounts

	March 31, 2010	December 31, 2009
Liabilities and Stockholders Equity		
Current Liabilities:		
Notes payable	\$ 134,735	\$ 103,240
Current maturities of long-term obligations	24,929	25,115
Accounts payable and accrued liabilities	292,077	288,960
	451,741	417,315
Long-Term Obligations	207,295	209,616
Deferred Liabilities and Other:		
Deferred income taxes	18,681	20,992
Retirement and deferred compensation plans	41,338	40,462
Deferred and other non-current liabilities	13,581	14,172
Commitments and contingencies		
	73,600	75,626
Stockholders Equity:		
Aptargroup, Inc. stockholders equity		
Preferred stock, \$.01 par value, 1 million shares authorized, none outstanding		
Common stock, \$.01 par value	811	806
Capital in excess of par value	292,055	272,471
Retained earnings	1,178,936	1,150,017
Accumulated other comprehensive income	125,818	186,099
Less treasury stock at cost, 13.4 and 13.3 million shares as of March 31, 2010 and December 31, 2009, respectively	(364,528)	(356,548)
Total Aptargroup, Inc. Stockholders Equity	1,233,092	1,252,845
Noncontrolling interests in subsidiaries	864	791
Total Equity	1,233,956	1,253,636
Total Liabilities and Stockholders Equity	\$ 1,966,592	\$ 1,956,193

See accompanying unaudited notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

In thousands, except per share amounts

	Aptargroup, Inc. Stockholders Equity							
	Comprehensive	Retained	Accumulated	Common	Treasury	Capital in	Non-	Total
	Income	Earnings	Other	Stock	Stock	Excess of	Controlling	Equity
			Comprehensive	Par Value		Par Value	Interest	
			Income/(Loss)					
Balance - December 31, 2008:		\$ 1,065,998	\$ 139,300	\$ 801	\$ (329,285)	\$ 254,216	\$ 768	\$ 1,131,798
Net income	\$ 26,594	26,665					(71)	26,594
Foreign currency translation adjustments, net of tax	(56,217)		(56,218)				1	(56,217)
Changes in unrecognized pension gains/losses and related amortization, net of tax	194		194					194
Net gain on Derivatives, net of tax	41		41					41
Comprehensive loss	\$ (29,388)							
Stock option exercises & restricted stock vestings				1	646	8,503		9,150
Cash dividends declared on common stock		(10,143)						(10,143)
Treasury stock purchased					(4,820)			(4,820)
Balance March 31, 2009:		\$ 1,082,520	\$ 83,317	\$ 802	\$ (333,459)	\$ 262,719	\$ 698	\$ 1,096,597
Balance December 31, 2009:		\$ 1,150,017	\$ 186,099	\$ 806	\$ (356,548)	\$ 272,471	\$ 791	\$ 1,253,636
Net income	\$ 39,095	39,022					73	39,095
Foreign currency translation adjustments, net of tax	(60,513)		(60,513)					(60,513)
Changes in unrecognized pension gains/losses and related amortization, net of tax	203		203					203
Changes in treasury locks, net of tax	21		21					21
Net gain on Derivatives, net of tax	8		8					8
Comprehensive loss	\$ (21,186)							
Stock option exercises & restricted stock vestings				5		19,584		19,589
Cash dividends declared on common stock		(10,103)						(10,103)
Treasury stock purchased					(7,980)			(7,980)

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Balance March 31, 2010:	\$ 1,178,936	\$ 125,818	\$ 811	\$ (364,528)	\$ 292,055	\$ 864	\$ 1,233,956
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See accompanying unaudited notes to consolidated financial statement.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

In thousands, brackets denote cash outflows

Three Months Ended March 31,	2010	2009
Cash Flows from Operating Activities:		
Net income	\$ 39,095	\$ 26,594
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	33,078	29,076
Amortization	913	1,026
Stock option based compensation	5,982	5,049
Provision for bad debts	78	676
Deferred income taxes	(3,372)	(3,225)
Retirement and deferred compensation plan expense	(2,221)	(2,172)
Changes in balance sheet items, excluding effects from foreign currency adjustments:		
Accounts receivable	(47,365)	18,706
Inventories	(13,145)	14,531
Prepaid and other current assets	(6,118)	(1,938)
Accounts payable and accrued liabilities	25,612	(42,697)
Income taxes payable	(4,455)	2,408
Retirement and deferred compensation plans	948	(6,283)
Other changes, net	1,205	7,026
Net Cash Provided by Operations	30,235	48,777
Cash Flows from Investing Activities:		
Capital expenditures	(29,871)	(31,937)
Disposition of property and equipment	350	162
Intangible assets acquired	(30)	(216)
Acquisition of business net of cash acquired	(3,014)	
Investment in affiliates		
Collection of notes receivable, net		47
Net Cash Used by Investing Activities	(32,565)	(31,944)
Cash Flows from Financing Activities:		
Proceeds from notes payable	31,506	11,001
Proceeds from long-term obligations		