

APTARGROUP INC
Form 10-Q
November 04, 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 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 1-11846

AptarGroup, Inc.

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DELAWARE 36-3853103
(State of Incorporation) (I.R.S. Employer Identification No.)

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

815-477-0424

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 October 31, 2016
Common Stock, \$.01 par value per share	62,691,462 shares

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Form 10-Q

Quarter Ended September 30, 2016

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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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net Sales	\$ 589,729	\$ 586,290	\$ 1,792,066	\$ 1,770,376
Operating Expenses:				
Cost of sales (exclusive of depreciation and amortization shown below)	381,041	381,424	1,145,107	1,142,681
Selling, research & development and administrative	86,695	81,370	285,841	266,869
Depreciation and amortization	39,667	35,439	115,944	103,664
	507,403	498,233	1,546,892	1,513,214
Operating Income	82,326	88,057	245,174	257,162
Other (Expense) Income:				
Interest expense	(8,753)	(8,948)	(26,547)	(25,446)
Interest income	715	1,762	1,759	4,598
Equity in results of affiliates	(15)	(209)	(187)	(735)
Miscellaneous, net	728	(1,285)	(995)	(2,752)
	(7,325)	(8,680)	(25,970)	(24,335)
Income before Income Taxes	75,001	79,377	219,204	232,827
Provision for Income Taxes	21,901	26,115	63,187	76,925
Net Income	\$ 53,100	\$ 53,262	\$ 156,017	\$ 155,902
Net (Income) Loss Attributable to Noncontrolling Interests	\$ (2)	\$ (15)	\$ (8)	\$ 55

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Net Income Attributable to AptarGroup, Inc.	\$ 53,098	\$ 53,247	\$ 156,009	\$ 155,957
Net Income Attributable to AptarGroup, Inc. per Common Share:				
Basic	\$ 0.84	\$ 0.85	\$ 2.48	\$ 2.49
Diluted	\$ 0.82	\$ 0.83	\$ 2.40	\$ 2.41
Average Number of Shares Outstanding:				
Basic	62,858	62,886	62,878	62,627
Diluted	64,690	64,454	64,989	64,609
Dividends per Common Share	\$ 0.30	\$ 0.28	\$ 0.90	\$ 0.84

See accompanying Unaudited Notes to Condensed Consolidated Financial Statements.

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AptarGroup, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

In thousands

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net Income	\$ 53,100	\$ 53,262	\$ 156,017	\$ 155,902
Other Comprehensive Income (Loss):				
Foreign currency translation adjustments	13,792	(20,883)	44,239	(115,030)
Changes in treasury locks, net of tax	6	6	19	19
Defined benefit pension plan, net of tax				
Amortization of prior service cost included in net income, net of tax	58	42	174	127
Amortization of net loss included in net income, net of tax	779	1,132	2,337	3,389
Total defined benefit pension plan, net of tax	837	1,174	2,511	3,516
Total other comprehensive income (loss)	14,635	(19,703)	46,769	(111,495)
Comprehensive Income	67,735	33,559	202,786	44,407
Comprehensive (Income) Loss Attributable to Noncontrolling Interests	(1)	(7)	—	63
Comprehensive Income Attributable to AptarGroup, Inc.	\$ 67,734	\$ 33,552	\$ 202,786	\$ 44,470

See accompanying Unaudited Notes to Condensed Consolidated Financial Statements.

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AptarGroup, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

In thousands

	September 30, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and equivalents	\$ 432,737	\$ 489,901
Short-term investments	—	29,816
	432,737	519,717
Accounts and notes receivable, less allowance for doubtful accounts of \$3,363 in 2016 and \$2,710 in 2015	463,472	391,571
Inventories	322,028	294,912
Prepaid and other	83,974	88,794
	1,302,211	1,294,994
Property, Plant and Equipment:		
Buildings and improvements	380,270	343,698
Machinery and equipment	1,998,350	1,866,627
	2,378,620	2,210,325
Less: Accumulated depreciation	(1,584,858)	(1,465,873)
	793,762	744,452
Land	24,268	20,931
	818,030	765,383
Other Assets:		
Investments in affiliates	4,365	4,590
Goodwill	424,780	310,240
Intangible assets	101,959	31,529
Miscellaneous	33,537	30,309
	564,641	376,668
Total Assets	\$ 2,684,882	\$ 2,437,045

See accompanying Unaudited Notes to Condensed Consolidated Financial Statements.

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AptarGroup, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

In thousands, except share and per share amounts

	September 30, 2016	December 31, 2015
Liabilities and Stockholders' Equity		
Current Liabilities:		
Notes payable	\$ 138,784	\$ 5,083
Current maturities of long-term obligations, net of unamortized debt issuance costs	3,228	51,884
Accounts payable and accrued liabilities	362,358	354,928
	504,370	411,895
Long-Term Obligations	776,766	760,848
Deferred Liabilities and Other:		
Deferred income taxes	23,473	20,486
Retirement and deferred compensation plans	85,825	87,763
Deferred and other non-current liabilities	8,102	6,347
Commitments and contingencies	—	—
	117,400	114,596
Stockholders' Equity:		
AptarGroup, Inc. stockholders' equity		
Common stock, \$.01 par value, 199 million shares authorized, 66.5 and 66.7 million shares issued as of September 30, 2016 and December 31, 2015, respectively	665	667
Capital in excess of par value	544,716	495,462
Retained earnings	1,209,097	1,185,681
Accumulated other comprehensive (loss)	(215,570)	(262,347)
Less: Treasury stock at cost, 3.9 and 4.2 million shares as of September 30, 2016 and December 31, 2015, respectively	(252,857)	(270,052)
Total AptarGroup, Inc. Stockholders' Equity	1,286,051	1,149,411
Noncontrolling interests in subsidiaries	295	295
Total Stockholders' Equity	1,286,346	1,149,706
Total Liabilities and Stockholders' Equity	\$ 2,684,882	\$ 2,437,045

See accompanying Unaudited Notes to Condensed Consolidated Financial Statements.

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AptarGroup, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

In thousands

AptarGroup, Inc. Stockholders' Equity