

SILGAN HOLDINGS INC
Form 10-Q
August 03, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended June 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 000-22117

SILGAN HOLDINGS INC.

(Exact name of Registrant as specified in its charter)

Delaware	06-1269834
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4 Landmark Square
Stamford, Connecticut 06901
(Address of principal executive offices) (Zip Code)

(203) 975-7110
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X]

Accelerated filer []

Non-accelerated filer [] (Do not check if a smaller reporting company)

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 [X]

As of July 29, 2016, the number of shares outstanding of the Registrant’s common stock, \$0.01 par value, was 60,477,337.

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SILGAN HOLDINGS INC.

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Part I. Financial Information

Item 1. Financial Statements

SILGAN HOLDINGS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	June 30, 2016 (unaudited)	June 30, 2015 (unaudited)	Dec. 31, 2015
Assets			
Current assets:			
Cash and cash equivalents	\$ 120,467	\$ 126,676	\$ 99,945
Trade accounts receivable, net	394,811	443,943	281,041
Inventories	806,539	753,335	628,138
Prepaid expenses and other current assets	45,602	35,855	36,134
Total current assets	1,367,419	1,359,809	1,045,258
Property, plant and equipment, net	1,165,141	1,082,712	1,125,433
Goodwill	614,021	620,481	612,792
Other intangible assets, net	188,773	203,863	195,087
Other assets, net	218,821	236,252	214,109
	\$3,554,175	\$3,503,117	\$3,192,679
Liabilities and Stockholders' Equity			
Current liabilities:			
Revolving loans and current portion of long-term debt	\$ 569,892	\$ 532,639	\$ 152,398
Trade accounts payable	365,854	375,037	477,171
Accrued payroll and related costs	48,585	55,086	45,094
Accrued liabilities	93,955	74,774	106,550
Total current liabilities	1,078,286	1,037,536	781,213
Long-term debt	1,365,205	1,437,863	1,361,149
Other liabilities	421,278	444,692	411,133
Stockholders' equity:			
Common stock	876	876	876
Paid-in capital	243,515	232,117	237,291
Retained earnings	1,485,093	1,368,956	1,446,193
Accumulated other comprehensive loss	(202,296)	(182,779)	(208,806)
Treasury stock	(837,782)	(836,144)	(836,370)
Total stockholders' equity	689,406	583,026	639,184
	\$3,554,175	\$3,503,117	\$3,192,679

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars and shares in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net sales	\$874,642	\$914,229	\$1,667,379	\$1,730,829
Cost of goods sold	746,935	780,572	1,425,795	1,474,935
Gross profit	127,707	133,657	241,584	255,894
Selling, general and administrative expenses	55,018	54,407	110,380	108,858
Rationalization charges	5,038	959	6,108	1,684
Income from operations	67,651	78,291	125,096	145,352
Interest and other debt expense	16,883	16,762	33,339	33,205
Income before income taxes	50,768	61,529	91,757	112,147
Provision for income taxes	17,453	19,285	31,871	36,599
Net income	\$33,315	\$42,244	\$59,886	\$75,548
Earnings per share:				
Basic net income per share	\$0.55	\$0.70	\$0.99	\$1.23
Diluted net income per share	\$0.55	\$0.70	\$0.98	\$1.22
Dividends per share	\$0.17	\$0.16	\$0.34	\$0.32
Weighted average number of shares:				
Basic	60,504	60,473	60,477	61,631
Effect of dilutive securities	356	255	364	268
Diluted	60,860	60,728	60,841	61,899

See accompanying notes.

SILGAN HOLDINGS INC.
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Dollars in thousands)
 (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net income	\$33,315	\$42,244	\$59,886	\$75,548
Other comprehensive income (loss), net of tax:				
Changes in net prior service credit and actuarial losses	898	846	1,811	1,620
Change in fair value of derivatives	516	352	461	170
Foreign currency translation	(6,254)	11,324	4,238	(18,945)
Other comprehensive (loss) income	(4,840)	12,522	6,510	(17,155)
Comprehensive income	\$28,475	\$54,766	\$66,396	\$58,393

See accompanying notes.

SILGAN HOLDINGS INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the six months ended June 30, 2016 and 2015
 (Dollars in thousands)
 (Unaudited)

	2016	2015
Cash flows provided by (used in) operating activities:		
Net income	\$59,886	\$75,548
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	73,019	73,042
Rationalization charges	6,108	1,684
Stock compensation expense	6,428	6,069
Other changes that provided (used) cash:		
Trade accounts receivable, net	(111,600)	(140,426)
Inventories	(176,427)	(212,806)
Trade accounts payable	(10,701)	38,630
Accrued liabilities	(14,431)	11,577
Other, net	5,067	10,695
Net cash used in operating activities	(162,651)	(135,987)
Cash flows provided by (used in) investing activities:		
Purchase of business, net of cash acquired	—	(690)
Capital expenditures	(111,714)	(98,183)
Proceeds from asset sales	8,822	128
Net cash used in investing activities	(102,892)	(98,745)
Cash flows provided by (used in) financing activities:		
Borrowings under revolving loans	531,544	585,364
Repayments under revolving loans	(114,207)	(169,284)
Proceeds from issuance of long-term debt	—	3,970
Repayments of long-term debt	(6,380)	(5,649)
Changes in outstanding checks - principally vendors	(101,765)	(82,801)
Dividends paid on common stock	(20,913)	(20,113)
Repurchase of common stock under stock plan	(2,204)	(2,538)
Repurchase of common stock under share repurchase authorization	(10)	(170,132)
Net cash provided by financing activities	286,065	138,817
Cash and cash equivalents:		
Net increase (decrease)	20,522	(95,915)
Balance at beginning of year	99,945	222,591
Balance at end of period	\$120,467	\$126,676
Interest paid, net	\$32,269	\$31,560
Income taxes paid, net	43,707	18,306

See accompanying notes.