APTARGROUP INC
Form 10-K
February 27, 2015

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United States Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

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 **36-3853103**
475 WEST TERRA COTTA AVENUE, SUITE E, CRYSTAL LAKE, ILLINOIS 60014

815-477-0424

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock $.01 par value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes o No ý

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 ý No o

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 ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

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 ý Accelerated filer o Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes o No ý

The aggregate market value of the common stock held by non-affiliates as of June 30, 2014 was $4,258,697,782.

The number of shares outstanding of common stock, as of February 23, 2015, was 62,334,070 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the Annual Meeting of Stockholders to be held May 6, 2015 are incorporated by reference into Part III of this report.

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AptarGroup, Inc.

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For the Year Ended December 31, 2014

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PART I

ITEM 1. BUSINESS

BUSINESS OF APTARGROUP

We are a leading global solution provider of a broad range of innovative packaging delivery solutions primarily for the beauty, personal care, home care, prescription drug, consumer health care, injectables, food and beverage markets. Our creative packaging solutions enhance the convenience, safety and security of consumers around the globe and allow our customers to differentiate their products in the market.

Our business was started in the late 1940's, manufacturing and selling aerosol valves in the United States, and has grown primarily through the acquisition of relatively small companies and internal expansion. We were incorporated in Delaware in 1992. In this report, we may refer to AptarGroup, Inc. and its subsidiaries as "AptarGroup" or the "Company".

We have manufacturing facilities located throughout the world including North America, Europe, Asia and South America. We have approximately 5,000 customers with no single customer or group of affiliated customers accounting for greater than 5% of our 2014 net sales.

Sales of our dispensing systems have traditionally grown at a faster rate than the overall packaging industry as consumers' preference for convenience has increased and product differentiation through packaging design has become more important to our customers. Consumer product marketers have converted many of their products to packages with dispensing systems that offer the benefit of enhanced shelf appeal, convenience, cleanliness or accuracy of dosage. We expect this trend to continue.

While we offer a wide variety of dispensing and sealing solutions, our primary products are dispensing pumps, closures, aerosol valves and elastomer primary packaging components.

Dispensing pumps are finger-actuated dispensing systems that dispense a spray or lotion from non-pressurized containers. The style of pump used depends largely on the nature of the product being dispensed, from small, fine mist pumps used with perfume and pharmaceutical products to lotion pumps for more viscous formulas.

Closures are primarily dispensing closures but to a lesser degree can include non-dispensing closures. Dispensing closures are plastic caps, primarily for plastic containers such as bottles and tubes, which allow a product to be dispensed without removing the cap.

Aerosol valves dispense product from pressurized containers. The majority of the aerosol valves that we sell are continuous spray valves, with the balance being metered dose inhaler valves.

We also manufacture and sell elastomer primary packaging components. These components are used in the injectables market. Products include stoppers for infusion, antibiotic, lyophilization and diagnostic vials. Our elastomer components also include pre-filled syringe components, such as plungers, needle shields, tip caps and cartridges, as well as dropper bulbs and disposable syringe plungers.

AVAILABLE INFORMATION

Our periodic and current reports are available, free of charge, through a link on the Investors page of our website (www.aptar.com), as soon as reasonably practicable after the material is electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Also posted on our website are the charters for our Audit, Compensation, Governance and Executive Committees, our Governance Principles, our Code of Business Conduct & Ethics, our Director Independence Standards and our Conflict Minerals Statement. Within the time period required by the SEC and the New York Stock Exchange ("NYSE"), we will post on our website any amendment or waiver to the Code of Business Conduct & Ethics applicable to any executive officer or director. The information provided on our website is not part of this report and is therefore not incorporated herein by reference.

DESCRIPTION OF APTARGROUP'S REPORTING SEGMENTS

FINANCIAL INFORMATION ABOUT SEGMENTS

AptarGroup's organizational structure consists of three market-focused business segments which are Beauty + Home, Pharma and Food + Beverage. This is a strategic structure which allows us to be more closely aligned with our customers and the markets in which they operate. Operations that sell dispensing systems primarily to the beauty, personal care and home care markets form the Beauty + Home segment. Operations that sell dispensing systems or primary packaging components to the prescription drug, consumer health care and injectables markets form the Pharma segment. Operations that sell dispensing systems to the food and beverage markets form the Food + Beverage segment. Each of these three business segments is described more fully below. A summary of sales, segment income and total assets based upon this reporting structure for each of the last three years is shown in Note 17 to the Consolidated Financial Statements in Item 8 (which is incorporated by reference herein).

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BEAUTY + HOME

The Beauty + Home segment is our largest segment in terms of net sales and total assets representing 58% and 49% of AptarGroup's Net Sales and Total Assets, respectively. The Beauty + Home segment primarily sells pumps, closures, aerosol valves and accessories to the personal care and home care markets and pumps and decorative components to the beauty market. We believe we are a leading supplier for the majority of the products we sell primarily to the beauty, personal care and home care markets.

Beauty. Sales to the beauty market accounted for approximately 46% of the segment's total net sales in 2014. The beauty market requires a broad range of spray pumps and sampling dispensing systems to meet functional as well as aesthetic requirements. A considerable amount of research, time and coordination with our customers is required to qualify a pump for use with their products. Within the market, we expect the use of pumps to continue to increase, particularly in the cosmetics and sampling sectors of this market. In the cosmetic sector, packaging for certain products such as natural and organic cosmetics and anti-aging lotions continue to provide us with growth opportunities. We are a leading provider of packaging solutions for prestige and mass market fragrance products. Our cosmetic lotion pumps, airless dispensing systems and lotion sampling devices, and decorative capabilities will also provide growth opportunities. We have experienced significant growth in recent years in Latin America, particularly in the sales of our products to the beauty market, and we believe there are significant opportunities for growth in the sale of our products for cosmetic applications in Asia.

Personal Care. Sales to the personal care market accounted for approximately 45% of the segment's total net sales in 2014 and primarily included sales of fine mist spray pumps, lotion pumps, closures and continuous spray aerosol valves. Personal care spray pump applications include hair care, body care and sun care products. Typical lotion pump applications include skin moisturizers, hand sanitizers and soap. Personal care closures applications include shampoos and conditioners. Personal care continuous spray aerosol valve applications include hair care products, deodorants, shaving creams and sun care products. Our research and development teams continue to design unique accessories that increase the value of our continuous spray aerosol valve offerings.

Home Care. Sales to the home care market accounted for approximately 8% of the segment's total net sales in 2014 and primarily included sales of continuous or metered dose spray aerosol valves, closures and to a lesser degree spray and lotion pumps. Applications for continuous spray valves include disinfectants, spray paints, insecticides and automotive products. Metered dose valves are used for air fresheners. Closure applications include liquid detergents and household cleansers. Spray and lotion pump applications primarily include household and industrial cleaners. There is a trend towards concentrated cleaners and laundry care products that could provide opportunities for incorporating our dosing dispensing technologies.

PHARMA

The Pharma segment is our second largest segment in terms of net sales and total assets, accounting for 29% and 25% of AptarGroup's Net Sales and Total Assets, respectively, and is our most profitable segment. We believe we are the leading supplier of pumps and metered dose inhaler valves ("MDI's") to the pharmaceutical market worldwide and we believe we are the number three supplier of elastomer for injectables primary packaging components worldwide. Characteristics of this market include (i) governmental regulation of our pharmaceutical customers, (ii) contaminant-controlled manufacturing environments and (iii) a significant amount of time and research from initially working with pharmaceutical companies at the molecular development stage of a medication through the eventual distribution to the market. We have clean-room manufacturing facilities in Argentina, China, France, Germany, India, Switzerland and the United States. We believe that providing an alternative to traditional medication forms such as pills with value-added, convenient dispensing systems will continue to offer opportunities for our business. In addition, with the trend towards heath care reform we believe there are opportunities for growth in the over the counter and generic pharmaceutical categories.

Prescription Drug. Sales to the prescription drug market accounted for approximately 54% of the segment's total net sales in 2014. Pumps sold to the prescription drug market deliver medications nasally, orally or topically. Currently the majority of our pumps sold are for nasal allergy treatments. Recently, there is a trend of nasal allergy products moving from prescription-only to being sold over the counter without a prescription. This trend could provide us with growth opportunities as this movement could allow customers easier access to these types of treatments. Our nasal pumps and unit dose device are also used to deliver pain management products. Potential opportunities for providing alternatives to the traditional pill and injectable dosage forms of medication include pump dispensing systems for vaccine treatment, additional cold and flu treatments, central nervous systems applications and hormone replacement therapies.

MDI's are used for dispensing precise amounts of medication. This aerosol technology allows medication to be broken up into very fine particles, which enables the drug to be delivered typically via the pulmonary system. Currently the majority of our MDI's sold are used for respiratory ailments such as asthma and COPD.

We continue to develop new dispensing systems and accessories in this segment. We have developed new delivery device technologies featuring lock-out capabilities. We also provide single dose delivery devices suitable for central nervous system applications and hormone replacement therapies. While we expect that these new products will come to market in the future, it is difficult to estimate when, as the rigors of pharmaceutical regulations affect the timing of product introductions by our pharmaceutical customers which use our dispensing systems.

Consumer Health Care. Sales to the consumer health care market accounted for approximately 27% of the segment's total net sales in 2014. Applications for this market are similar to the pharmaceutical market; however, these applications are sold over the counter without a prescription. Typical consumer health care spray pump applications include nasal decongestants, nasal salines and cough and cold applications. Typical consumer health care valve applications include nasal saline using our bag-on valve technology. We have developed a new multi dose ophthalmic dispensing device suitable for unpreserved medicinal formulations. This technology is successfully marketed in Europe and is under development for other markets. Other products sold to this market include airless pump systems for dermal applications. We have recently seen a trend to more child resistant and senior-friendly packaging solutions and are developing products to meet these market needs.

Injectables. Sales to the injectables market accounted for approximately 19% of the segment's total net sales in 2014. Injectables are elastomer primary packaging components for injectable drug delivery. Injectable products offered include stoppers for vials. Injectables also include pre-filled syringe components, such as plungers, needle shields, tip caps and components for cartridges, as well as disposable syringe plungers. Pharmaceutical applications for this market include vaccines, anti-thrombotic, small molecules and biologics.

FOOD + BEVERAGE

The Food + Beverage segment is our smallest segment in terms of net sales and total assets representing 13% and 11% of AptarGroup's Net Sales and Total Assets, respectively, but has been our fastest growing segment. We primarily sell dispensing closures and, to a lesser degree, non-dispensing closures, spray pumps and aerosol valves primarily to the food and beverage markets.

Sales of dispensing closures have grown as consumers worldwide have demonstrated a preference for a package utilizing the convenience of a dispensing closure. At the same time, consumer marketers are trying to differentiate their products by incorporating performance enhancing features such as bonded to plastic aluminum liners, flow-control and no-drip dispensing, inverted packaging and directional flow to make packages simpler to use, cleaner and more appealing to consumers.

Food. Sales to the food market accounted for approximately 55% of the segment's total net sales in 2014 and primarily include sales of dispensing closures and elastomeric flow-control components. To a lesser degree we also sell non-dispensing closures, continuous spray aerosol valves and spray pumps to this market. Applications for dispensing closures include sauces, condiments and food products. Applications for non-dispensing closures include granular and powder food products along with baby food closures. Applications for continuous spray aerosol valves include cooking sprays. Spray pump applications primarily include butter or salad dressing sprays.

Beverage. Sales to the beverage market accounted for approximately 43% of the segment's total net sales in 2014 and primarily include sales of dispensing closures and elastomeric flow-control components. Sales of dispensing closures to the beverage market have increased significantly over the last several years as we continue to see an increase of interest from marketers using dispensing closures for their products. Examples of beverage products currently utilizing dispensing closures include bottled water, sport and energy drinks, juices and concentrated water flavorings. Examples of beverage products currently utilizing lotion pump technologies include syrups and concentrates.

GENERAL BUSINESS INFORMATION

GROWTH STRATEGY

We seek to enhance our position as a leading global solution provider of innovative packaging delivery solutions by (i) expanding geographically, (ii) converting less convenient or non-dispensing applications to convenient dispensing systems or replacing current dispensing applications with more value-added dispensing products and (iii) developing or acquiring new dispensing, safety or security technologies.

We are committed to expanding geographically to serve local and multinational customers in existing and emerging areas. In 2014, we opened manufacturing operations in Colombia to better serve the Andean region.

We believe opportunities exist to introduce our dispensing systems to replace non-dispensing applications. Examples of these opportunities in the food and beverage markets include single and multi-serve non-carbonated beverages, condiments, cooking oils, infant formula and pouch dispensing fitments. In the beauty market, potential conversion opportunities include creams and lotions currently packaged in jars or tubes using removable non-dispensing closures, converting to lotion pumps or dispensing closures. Other opportunities in the beauty and personal care markets include replacing closures on skin care applications with spray technology and creating new ways for our consumers to dispense beauty products such as our bulb atomizers for fragrances and pen-like applicators for high-end cosmetic serums. We also continue to believe there are growth opportunities for convenient dispensing pump or MDI systems for pharmaceutical

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applications such as vaccines, cold and flu treatments, hormone replacement therapies, pain medication, sleep aids and ophthalmic applications.

We are committed to developing or acquiring new dispensing technologies that can lead to the development of completely new dispensing systems or can complement our existing product offerings. In the consumer health care market we have developed a multi-use preservative free dispensing product for eye wetting applications to replace single-use packaging. We have liner-less hot-fill dispensing technologies, which are being used on a variety of single-serve beverages and we have developed coating technologies for our elastomer components that will expand our offerings within the injectables market.

RESEARCH AND DEVELOPMENT

One of our competitive strengths is our commitment to innovation. Our commitment to innovation has resulted in an emphasis on research and development. Our research and development activities are directed toward developing affordable, new, innovative packaging delivery solutions and adapting existing products for new markets or customer requirements. In certain cases, our customers share in the research and development expenses of customer initiated projects. Occasionally, we acquire or license from third parties technologies or products that are in various stages of development. Expenditures for research and development activities, net of certain research and development credits, were $76.2 million, $71.8 million and $65.4 million in 2014, 2013 and 2012, respectively.

PATENTS AND TRADEMARKS

We customarily seek patent and trademark protection for our products and brands. We own and currently have numerous applications pending for patents and trademarks in many regions of the world. In addition, certain of our products are produced under patent licenses granted by third parties. We believe that we possess certain technical capabilities in making our products that make it difficult for a competitor to duplicate. While valuable to our overall product portfolio, sales of any one individually patented product are not considered material to any specific segment or to the Company's consolidated results.

TECHNOLOGY

We have technical expertise regarding injection molding, robotics, cleanroom facilities and high-speed assembly. We also have expertise regarding the formulation and finishing of elastomer and silicone components. In addition, we offer a variety of sterilization options for elastomer components for the pharmaceutical industry. Pumps and aerosol valves require the assembly of several different plastic, metal and rubber components using high-speed equipment. When molding dispensing closures, or plastic components to be used in pump or aerosol valve products, we use advanced plastic injection molding technology, including large cavitation plastic injection molds. We are able to mold within tolerances as small as one one-thousandth of an inch and we assemble products in a high-speed, cost-effective manner. Our injection molding capabilities include recent advances such as spin-stack and cube molding which utilize high-efficiency rotating molds. We are also utilizing In-Molding Assembly Technology (IMAT) which allows us to assemble products within the molding process. We are experts in molding liquid silicone that is used in certain dispensing closures as well as rubber gasket formulation and production primarily for the prescription drug and consumer health care markets. We also have technology to decorate plastic and metal components sold primarily to the beauty and personal care markets.

MANUFACTURING AND SOURCING

More than half of our worldwide production is located outside of the United States. In order to augment capacity and to maximize internal capacity utilization (particularly for plastic injection molding), we use subcontractors to supply certain plastic, metal and rubber components. Certain suppliers of these components have unique technical abilities that make us dependent on them, particularly for aerosol valve and pump production. The principal raw materials used in our production are plastic resins, rubber and certain metal products. We believe an adequate supply of such raw materials is available from existing and alternative sources. We attempt to offset cost increases through improving productivity and increasing selling prices over time, as allowed by market conditions or contractual commitments. Our pharmaceutical products often use resin and rubber components specifically approved by our customers. Significant delays in receiving components from these suppliers or discontinuance of an approved raw material would require us to seek alternative sources, which could result in higher costs as well as impact our ability to supply products in the short term.

SALES AND DISTRIBUTION

Sales of products are primarily through our own sales force. To a limited extent, we also use the services of independent representatives and distributors who sell our products as independent contractors to certain smaller customers and export markets.

BACKLOG

Our sales are primarily made pursuant to standard purchase orders for delivery of products. While most orders placed with us are ready for delivery within 120 days, we continue to experience a trend towards shorter lead times requested by our customers. Some customers place blanket orders, which extend beyond this delivery period. However, deliveries against purchase orders are subject to change, and only a small portion of the order backlog is noncancelable. The dollar amount associated with the noncancelable portion is not material. Therefore, we do not believe that backlog as of any particular date is an accurate indicator of future results.

CUSTOMERS

The demand for our products is influenced by the demand for our customers' products. Demand for our customers' products may be affected by general economic conditions, government regulations, tariffs and other trade barriers. Our customers include many of the largest beauty, personal care, pharmaceutical, home care, food and beverage marketers in the world. We have approximately 5,000 customers with no single customer or group of affiliated customers accounting for greater than 5% of 2014 net sales. A consolidation of our customer base has occurred and this trend is expected to continue. A concentration of customers presents opportunities for increasing sales due to the breadth of our product line, our international presence and our long-term relationships with certain customers. However, this situation also may result in pricing pressures, concentration of credit risk or a loss of volume.

INTERNATIONAL BUSINESS

We have grown geographically by serving both large multi-national customers and local customers in developing regions. Sales in Europe for the years ended December 31, 2014, 2013 and 2012 were approximately 58%, 58% and 54%, respectively, of net sales. We manufacture the majority of units sold in Europe at facilities in the Czech Republic, England, France, Germany, Ireland, Italy, Russia, Spain and Switzerland. Other countries in which we operate include Argentina, Brazil, China, Colombia, India, Indonesia, Japan, Mexico and Thailand which when aggregated represented approximately 17%, 17% and 18% of our consolidated sales for the years ended December 31, 2014, 2013 and 2012, respectively. Export sales from the United States were $161.4 million, $143.9 million and $152.9 million in 2014, 2013 and 2012, respectively. For additional financial information about geographic areas, please refer to Note 17 in the Notes to the Consolidated Financial Statements in Item 8 (which is incorporated by reference herein).

FOREIGN CURRENCY

Because of our international presence, movements in exchange rates may have a significant impact on the translation of the financial statements of our foreign subsidiaries. Our primary foreign exchange exposure is to the Euro, but we have foreign exchange exposure to the Brazilian Real, British Pound, Swiss Franc and other South American and Asian currencies, among others. A strengthening U.S. dollar relative to foreign currencies has a dilutive translation effect on our financial statements. Conversely, a weakening U.S. dollar has an additive effect. In some cases, we sell products denominated in a currency different from the currency in which the related costs are incurred. We manage our exposures to foreign exchange principally with forward exchange contracts to economically hedge recorded transactions and firm purchase and sales commitments denominated in foreign currencies. Changes in exchange rates on such inter-country sales could materially impact our results of operations.

WORKING CAPITAL PRACTICES

Collection and payment periods tend to be longer for our operations located outside the United States due to local business practices. We have also seen an increasing trend in pressure from certain customers to lengthen their payment terms or completely outsource their payable function. As the majority of our products are made to order, we have not needed to keep significant amounts of finished goods inventory to meet customer requirements.

EMPLOYEE AND LABOR RELATIONS

AptarGroup has approximately 13,000 full-time employees. Of the full-time employees, approximately 7,400 are located in Europe, 3,500 are located in Asia and South America and the remaining 2,100 are located in North America. The majority of our European and Latin American employees are covered by collective bargaining arrangements made at either the local or national level in their respective countries and approximately 200 of the North American employees are covered by a collective bargaining agreement. Termination of employees at certain of our international operations could be costly due to local regulations regarding severance benefits. There were no material work stoppages in 2014 and management considers our employee relations to be satisfactory.

COMPETITION

All of the markets in which we operate are highly competitive and we continue to experience price competition in all product lines and markets. Competitors include privately and publicly held entities that range from regional to international companies. We expect the market for our products to remain competitive. We believe our competitive advantages are consistent high levels of innovation, quality and service, geographic diversity and breadth of products. Our manufacturing strength lies in the ability to mold complex plastic components and formulate and finish elastomer and silicone components in a cost-effective manner and to assemble products at high speeds. Our business is capital intensive and it is becoming more important to our customers to have global manufacturing capabilities. Both of these serve as barriers to entry for new competitors wanting to enter our business.

While we have experienced some competition in Europe, Latin America and the United States from low cost Asian suppliers, particularly in the low-end beauty and personal care market, this has not been significant. Indirectly, some

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fragrance marketers are sourcing their manufacturing requirements, including filling of their product, in Asia and importing the finished product back into the United States or Europe. However, some customers who had bought dispensing packaging products from low cost Asian suppliers in the past have reverted to purchasing our dispensing products, citing the higher quality offered by our products and the logistical advantage of being closer to the customer.

ENVIRONMENT

Our manufacturing operations primarily involve plastic injection molding, automated assembly processes, elastomer and silicone formulation and finishing and, to a limited degree, metal anodization and vacuum metallization of plastic components. Historically, the environmental impact of these processes has been minimal, and we believe we meet current environmental standards in all material respects. To date, our manufacturing operations have not been significantly affected by environmental laws and regulations relating to the environment.

Recently there is increased interest and awareness from the public and our customers in sustainability or producing environmentally sustainable products and measuring carbon footprints. We are focused on becoming more energy efficient and improving our carbon footprint. We are also designing products that improve recyclability and use less material. Future regulations on environmental matters regarding recycling or sustainability policies could impact our business.

GOVERNMENT REGULATION

Certain of our products are indirectly affected by government regulation. Demand for aerosol and pump packaging is affected by government regulations regarding the release of volatile organic compounds ("VOCs") into the atmosphere. Europe and the United States have regulations that require the reduction in the amount of VOCs that can be released into the atmosphere and the potential exists for this type of regulation to expand worldwide. These regulations required certain of our customers to reformulate certain aerosol and pump products, which may have affected the demand for such products. We own patents and have developed systems to function with alternative propellant and product formulations.

Future government regulations could include medical cost containment policies. For example, reviews by various governments to determine the number of drugs, or prices thereof, that will be paid by their insurance systems could affect future sales to the pharmaceutical industry. Such regulation could adversely affect prices of and demand for our pharmaceutical products. We believe that the focus on the cost effectiveness of the use of medications as compared to surgery and hospitalization provides us with an opportunity to expand sales to the pharmaceutical market.

EXECUTIVE OFFICERS

Our executive officers as of February 27, 2015 are as follows:

Name	Age	Position with the Company
Stephen Hagge	**63**	**President and Chief Executive Officer**
Mr. Hagge has been President and Chief Executive Officer since January 2012. Prior to this, Mr. Hagge was Chief Operating Officer from 2008 to 2011, Executive Vice President from 1993 to 2011, Secretary from 1993 to June 2011 and Chief Financial Officer of AptarGroup from 1993 to 2007.		
Robert Kuhn	**52**	**Executive Vice President, Chief Financial Officer and Secretary**
Mr. Kuhn has been Executive Vice President and Chief Financial Officer since September 2008. Mr. Kuhn has been Secretary since June 2011. Prior to this, Mr. Kuhn was Vice President Financial Reporting from 2000 to 2008.		
Patrick Doherty	**59**	**President, Aptar Beauty + Home**
Mr. Doherty has been President of Aptar Beauty + Home since October 2010. Prior to this, Mr. Doherty was Co-President of Aptar Beauty + Home from January 2010 to October 2010 and served as President of SeaquistPerfect Dispensing Group from 2000 to 2009.		
Eldon Schaffer	**49**	**President, Aptar Food + Beverage**
Mr. Schaffer has been President of Aptar Food + Beverage since January 2012. Prior to this, Mr. Schaffer was President of Aptar Beauty + Home North America from 2010 to 2011 and was Seaquist Closures' General Manager of North America from 2004 to 2009.		

Salim Haffar	**41**	**President, Aptar Pharma**

Mr. Haffar has been President of Aptar Pharma since January 2014. From 2012 to 2013 Mr. Haffar worked with Capsugel, a leading pharmaceutical supplier of gelatin capsules for the oral drug delivery industry. From 2010 to 2012, he was President of Aptar Pharma's Prescription division. From 2008 to 2010, he was Co-President of the Company's Valois Group and President of Valois' Pharma division. Prior to 2008, Mr. Haffar held various sales and marketing positions within the Company's Valois Pharma division.

Ursula Saint-Léger	**51**	**Vice President of Human Resources**

Ms. Saint-Léger has been Vice President of Human Resources since October 2010. Prior to joining AptarGroup in 2010, Ms. Saint-Léger was Sr. Group Vice President Human Resources at TAQA (industrialization and energy services) from 2009 to 2010 and was Senior Vice President Human Resources at Umicore S.A. from 2004 to 2009.

There were no arrangements or understandings between any of the executive officers and any other person(s) pursuant to which such officers were elected.

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ITEM 1A. RISK FACTORS

Set forth below and elsewhere in this report and in other documents we file with the Securities and Exchange Commission are risks and uncertainties that could cause our actual results to materially differ from the results contemplated by the forward-looking statements contained in this report and in other documents we file with the Securities and Exchange Commission. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. You should carefully consider the following factors in addition to other information contained in this report on Form 10-K before purchasing any shares of our common stock.

FACTORS AFFECTING OPERATIONS OR OPERATING RESULTS

We have foreign currency translation and transaction risks that may materially adversely affect our operating results. A significant number of our operations are located outside of the United States. Because of this, movements in exchange rates may have a significant impact on the translation of the financial statements of our foreign entities. Our primary foreign exchange exposure is to the Euro, but we have foreign exchange exposure to the Brazilian Real, British Pound, Swiss Franc, and other South American and Asian currencies, among others. A strengthening U.S. dollar relative to foreign currencies has a dilutive translation effect on our financial statements. Conversely, a weakening U.S. dollar has an additive translation effect. In some cases, we sell products denominated in a currency different from the currency in which the related costs are incurred. We manage our exposures to foreign exchange principally with forward exchange contracts to economically hedge certain transactions and firm purchase and sales commitments denominated in foreign currencies. The volatility of currency exchange rates may materially affect our operating results.

If there is deterioration in economic conditions in a particular region or market, our business and operating results could be materially adversely impacted. Due to our strong balance sheet, diverse product offerings, various end-markets served, and our broad geographic presence, we believe we are well positioned to withstand slowness in any one particular region or market. However, economic uncertainties affect businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A tightening of credit in financial markets or other factors may lead consumers and businesses to postpone spending, which may cause our customers to cancel, decrease or delay their existing and future orders with us. In addition, financial difficulties experienced by our suppliers, customers or distributors could result in product delays, increased accounts receivable defaults, inventory or supply challenges and pricing pressures. An interruption in supply may also impact our ability to meet customer demands. Consumer demand for our customers' products and shifting consumer preferences are unpredictable and could have a negative impact on our customers and our customers' demand for our products. A disruption in the credit markets could also restrict our access to capital.

Geopolitical conditions, such as recent events in Eastern Europe, could have a material adverse effect on our operations and financial results. Our operations could be disrupted by geopolitical conditions such as international boycotts, acts of war, terrorist activity or other similar events. Such events could make it difficult or impossible to manufacture or deliver products to our customers, receive production materials from our suppliers, or perform critical functions, which could adversely affect our business globally or in certain regions. While we maintain similar manufacturing capacities at different locations and coordinate multi-source supplier programs on many of our materials which would better enable us to respond to these types of events, we cannot be sure that our plans will fully protect us from all such disruptions. In addition, our customers may export their finished products using our dispensing devices that were sold in other regions and an adverse geopolitical event such as recent conflicts in Eastern Europe, may impact the sales of our customers' products and thus indirectly negatively impact the demand for our dispensing solutions.

If our expansion initiatives are unsuccessful, our operating results and reputation may suffer. We are expanding our operations in a number of new and existing markets and jurisdictions, including facilities expansions in France and Latin America. Expansion of our operations will continue to require a significant amount of time and attention from our senior management and capital investment. Our expansion activities present considerable challenges and risks, including the general economic and political conditions existing in new markets and jurisdictions that we enter, attracting, training and retaining qualified and talented employees, infrastructure and labor disruptions, fluctuations in currency exchange rates, the imposition of restrictions by governmental authorities, compliance with current, new and changing governmental laws and regulations and the cost of such compliance activities. We may have limited or no prior experience in certain of these new markets and there is no assurance any of our expansion efforts will be successful. If any of our expansion efforts are unsuccessful, our operating results and reputation may suffer.

Higher raw material costs and other inputs and an inability to increase our selling prices may materially adversely affect our operating results and financial condition. The cost of raw materials and other inputs (particularly resin, rubber, metal, anodization costs and transportation and energy costs) are volatile and susceptible to rapid and substantial changes due to factors beyond our control, such as changing economic conditions, currency fluctuations, weather conditions, political unrest and instability in energy-producing nations, and supply and demand pressures. Raw material costs may increase in the coming years and, although we have generally been able to increase selling prices to cover increased costs,

future market conditions may prevent us from passing these increased costs on to our customers through timely price increases. In addition, we may not be able to improve productivity or realize savings from our cost reduction programs sufficiently enough to offset the impact of increased raw material costs. As a result, higher raw material costs could result in declining margins and operating results.

In difficult market conditions, our fixed costs structure combined with potentially lower revenues may negatively impact our results. Our business is characterized by high fixed costs and, notwithstanding our utilization of third-party manufacturing capacity, most of our production requirements are met by our own manufacturing facilities. In difficult environments, we are generally faced with a decline in the utilization rates of our manufacturing facilities due to decreases in product demand. During such periods, our plants do not operate at full capacity and the costs associated with this excess capacity are charged directly to cost of sales. Difficult market conditions in the future may adversely affect our utilization rates and consequently our future gross margins, and this, in turn, could have a material negative impact on our business, financial condition and results of operations.

We face strong global competition and our market share could decline. All of the markets in which we operate are highly competitive and we continue to experience price competition in all product lines and segments. Competitors include privately and publicly held entities. Our competitors mainly range from regional to international companies, and we also experience some local competition mainly in Asia and Latin America. Some fragrance marketers are sourcing their manufacturing requirements including filling of their product in Asia and importing the finished product back into the United States or Europe. If we are unable to compete successfully, our market share may decline, which could materially adversely affect our results of operations and financial condition.

If our unionized employees were to engage in a strike or other work stoppage, our business, operating results and financial condition could be materially adversely affected. The majority of our European and Latin American employees are covered by collective bargaining arrangements made either at the local or national level in their respective countries and approximately 200 of our North American employees are covered by a collective bargaining agreement. Although we believe that our relations with our employees are satisfactory, no assurance can be given that this will continue. If disputes with our unions arise, or if our unionized workers engage in a strike or other work stoppage, we could incur higher labor costs or experience a significant disruption of operations, which could have a material adverse effect on our business, operating results and financial position.

If we were to incur a significant product liability claim above our current insurance coverage, our business, operating results and financial condition could be materially adversely affected. Approximately 29% of our net sales are made to customers in the pharmaceutical industry. If our devices fail to operate as intended, medication prescribed for patients may be under administered, or may be over administered. The failure of our devices to operate as intended may result in a product liability claim against us. We believe we maintain adequate levels of product liability insurance coverage. A product liability claim or claims in our Pharma segment or our other segments in excess of our insurance coverage or not covered by existing insurance may materially adversely affect our business, operating results and financial condition.

The success or failure of our customers' products, particularly in the pharmaceutical market, may materially affect our operating results and financial condition. In the pharmaceutical market, the proprietary nature of our customers' products and the success or failure of their products in the market using our dispensing systems may have a material impact on our operating results and financial condition. We may potentially work for years on modifying our dispensing device to work in conjunction with a customer's drug formulation. If the customer's pharmaceutical product is not approved by regulatory bodies or it is not successful on the market, the associated costs may not be recovered.

Single sourced materials and manufacturing sites could adversely impact our ability to deliver product. The Company sources certain materials, especially some resins and rubber components for our pharmaceutical segment, from a single source. Any disruption in the supply of these materials could adversely impact our ability to deliver product to our customers. Similarly, we have certain components and / or products that are manufactured at a single location or from a single machine or mold. Any disruption to the manufacturing process could also adversely impact our ability to deliver product to our customers.

We have approximately $330 million in recorded goodwill and changes in future business conditions could cause this asset to become impaired, requiring write-downs that would reduce our operating income. We evaluate the recoverability of goodwill amounts annually, or more frequently when evidence of potential impairment exists. The impairment test is based on several factors requiring judgment. A decrease in expected reporting unit cash flows or changes in market conditions may indicate potential impairment of recorded goodwill and, as a result, our operating results could be materially adversely affected. See "Critical Accounting Estimates" in Part II, Item 7 for additional information.

Government regulation on environmental matters regarding recycling or environmental sustainability policies could impact our business. Future government regulations mandating the use or limitations of certain materials could impact our

manufacturing processes or the technologies we use forcing us to reinvest in alternative materials or assets used in the production of our products.

Increased cybersecurity threats could pose a risk to our operations. Increased global information security threats and more sophisticated, targeted computer crime pose a risk to the confidentiality, availability and integrity of our data, operations and infrastructure. While we do not believe we have experienced a specific cyber incident such as unauthorized access to our systems or disruption of functionality, we attempt to mitigate these types of risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems. We also periodically test our systems for vulnerabilities and have recently on occasion used a third party to conduct such tests. Even with these mitigations, our information systems remain potentially vulnerable to sophisticated cybersecurity threats. Depending on their nature and scope, such threats could potentially lead to the compromise of confidential information, improper use of our systems and networks, manipulation and destruction of data, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

Consolidation of customer base could impact of business. We believe mergers and acquisitions within our customer base create opportunities for increasing sales due to the breadth of our product line, our international presence and our long-term relationships with certain customers. However, consolidation of our customers could lead to pricing pressures, concentration of credit risk and fewer opportunities to introduce new products to the market.

FACTOR AFFECTING APTARGROUP STOCK

Ownership by Certain Significant Shareholders. Currently, Aptar has six shareholders who each own between 5% and 11% of our outstanding common stock. If one of these significant shareholders decides to sell significant volumes of our stock, this could put downward pressure on the price of the stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company has no unresolved comments from the SEC.

ITEM 2. PROPERTIES

We lease or own our principal offices and manufacturing facilities. None of the owned principal properties is subject to a lien or other encumbrance material to our operations. We believe that existing operating leases will be renegotiated as they expire, will be acquired through purchase options or that suitable alternative properties will be leased on acceptable terms. We consider the condition and extent of utilization of our manufacturing facilities and other properties to be generally good,

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and the capacity of our plants to be adequate for the needs of our business. The locations of our principal manufacturing facilities, by country, are set forth below:

ARGENTINA
Florencio Varela (1 & 2)
Tortuguitas (1 & 3)

BRAZIL
Cajamar (1)
Maringá Paraná (1 & 3)
Jundiai (1)

CHINA
Suzhou (1, 2 & 3)

COLOMBIA
Cali (1)

CZECH REPUBLIC
Ckyne (1 & 3)

FRANCE
Annecy (1 & 2)
Brecey (2)
Charleval (1 & 2)
Granville (2)
Le Neubourg (1)
Le Vaudreuil (2)
Oyonnax (1)
Poincy (1 & 3)
Verneuil Sur Avre (1)

GERMANY
Böhringen (1 & 2)
Dortmund (1)
Eigeltingen (2)
Freyung (1 & 3)
Menden (1)

INDIA
Himachal Pradesh (1)
Hyderabad (1 & 3)
Mumbai (2)

INDONESIA
Cikarang, Bekasi (1)

IRELAND
Ballinasloe, County Galway (1)

ITALY
Manoppello (1)
San Giovanni Teatino (Chieti) (1 & 3)

MEXICO
Queretaro (1 & 3)

RUSSIA
Vladimir (1 & 3)

SPAIN
Madrid (1)
Torello (1 & 3)

SWITZERLAND
Mezzovico (2)

THAILAND
Chonburi (1)

UNITED KINGDOM
Leeds, England (1 & 3)

UNITED STATES
Cary, Illinois (1, 2 & 3)
Congers, New York (2)
Libertyville, Illinois (1 & 3)
Lincolnton, North Carolina (3)
McHenry, Illinois (1 & 2)
Midland, Michigan (1 & 3)
Mukwonago, Wisconsin (1, 2 & 3)
Stratford, Connecticut (1 & 3)
Torrington, Connecticut (1 & 3)
Watertown, Connecticut (1 & 3)

(1) Locations of facilities manufacturing for the Beauty + Home segment.

(2) Locations of facilities manufacturing for the Pharma segment.

(3) Locations of facilities manufacturing for the Food + Beverage segment.

We also have sales personnel in Canada and Japan. Our corporate office is located in Crystal Lake, Illinois.

ITEM 3. LEGAL PROCEEDINGS

The Company, in the normal course of business, is subject to a number of lawsuits and claims both actual and potential in nature. While management believes the resolution of these claims and lawsuits will not have a material adverse effect on the Company's financial position or results of operations or cash flows, claims and legal proceedings are subject to inherent uncertainties, and unfavorable outcomes could occur that could include amounts in excess of any accruals which management has established. Were such unfavorable final outcomes to occur, it is possible that they could have a material adverse effect on our financial position, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR REGISTRANT'S COMMON EQUITY

Information regarding market prices of our Common Stock and dividends declared may be found in Note 21 to the Consolidated Financial Statements in Item 8 (which is incorporated by reference herein). Our Common Stock is traded on the New York Stock Exchange under the symbol ATR. As of February 10, 2015, there were approximately 300 holders of record of our Common Stock.

RECENT SALES OF UNREGISTERED SECURITIES

The employees of AptarGroup S.A.S. and Aptar France S.A.S., our subsidiaries, are eligible to participate in the FCP Aptar Savings Plan (the "Plan"). All eligible participants are located outside of the United States. An independent agent purchases shares of Common Stock available under the Plan for cash on the open market and we do not issue shares. We do not receive any proceeds from the purchase of Common Stock under the Plan. The agent under the Plan is Banque Nationale de Paris Paribas Fund Services. No underwriters are used under the Plan. All shares are sold in reliance upon the exemption from registration under the Securities Act of 1933 provided by Regulation S promulgated under that Act. During the quarter ended December 31, 2014, the Plan purchased 800 shares of our common stock on behalf of the participants at an average price of $68.38 per share, for an aggregate amount of $54.7 thousand, and sold 3,980 shares of our Common Stock on behalf of the participants at an average price of $64.33 per share, for an aggregate amount of $256.0 thousand. At December 31, 2014, the Plan owned 46,356 shares of our Common Stock.

ISSUER PURCHASES OF EQUITY SECURITIES

The Company announced the repurchase program in effect through October 30, 2014 on July 18, 2013, which authorized the Company to repurchase up to four million shares of our outstanding Common Stock. Under this program, the Company repurchased approximately 1.4 million shares of its outstanding Common Stock in 2014 at a total cost of $91 million.

On October 30, 2014, the Company announced a new share repurchase authorization of up to $350 million of Common Stock. This new authorization replaces previous authorizations and has no expiration date. AptarGroup may repurchase shares through the open market, privately negotiated transactions or other programs, subject to market conditions.

On December 16, 2014, the Company entered into an agreement to repurchase approximately $250 million of its Common Stock under an accelerated share repurchase program (the "ASR program"). On that date, the Company paid $250 million to Wells Fargo Bank N.A. ("Wells Fargo") in exchange for approximately 3.1 million shares, currently estimated to represent approximately 80% of the total number of shares expected to be purchased in the ASR program based on market prices at that time. The ultimate number of shares to be repurchased under the ASR program will be based on the volume-weighted average price of the Company's common stock during the term of the ASR program, less a discount. Final settlement of the ASR program is expected to be completed by the end of September 2015, although the settlement may be accelerated at Wells Fargo's option. The ASR program is part of the Company's $350 million share repurchase authorization.

For the year ended December 31, 2014, Aptar spent $341 million to repurchase approximately 4.5 million shares.

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The following table summarizes the Company's purchases of its securities for the quarter ended December 31, 2014:

Period	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (in millions)
10/1 - 10/31/14		$		$ 350.0
11/1 - 11/30/14				350.0
12/1 - 12/31/14	3,133,814(a)	63.82	3,133,814	100.0
Total	3,133,814(a)	$ 63.82	3,133,814	$ 100.0

(a)
Represents shares delivered under our accelerated share repurchase program (the "ASR program") as described above.

SHARE PERFORMANCE

The following graph shows a five year comparison of the cumulative total stockholder return on AptarGroup's common stock as compared to the cumulative total return of the Standard & Poor's 500 Composite Stock Price Index and to an index of peer group companies we selected. The companies included in the peer group are: AEP Industries Inc., Bemis Company, Inc., Crown Holdings, Inc., Graphic Packaging Holding Company, Greif Inc., MeadWestvaco Corporation, Owen's-Illinois, Inc., Packaging Corporation of America, Rock-Tenn Company, Sealed Air Corporation, Silgan Holdings, Inc., Sonoco Products Company, and West Pharmaceutical Services Inc.

Comparison of 5 Year Cumulative Stockholder Returns

The graph and other information furnished in the section titled "Share Performance" under this Part II, Item 5 of this Form 10-K shall not be deemed to be "soliciting" material or to be "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

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ITEM 6. SELECTED FINANCIAL DATA

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

Dollars in millions, except per share data

Years Ended December 31,	2014	2013	2012	2011	2010
Statement of Income Data:					
Net Sales	**$ 2,597.8**	$ 2,520.0	$ 2,331.0	$ 2,337.2	$ 2,076.7
Cost of sales (exclusive of depreciation and amortization shown below)	**1,755.3**	1,708.9	1,590.4	1,568.3	1,378.8
% of Net Sales	**67.6%**	67.8%	68.2%	67.1%	66.4%
Selling, research & development and administrative	**383.9**	364.7	341.6	347.6	296.9
% of Net Sales	**14.8%**	14.4%	14.7%	14.9%	14.3%
Depreciation and amortization (1)	**152.2**	150.0	137.0	134.2	133.0
% of Net Sales	**5.8%**	6.0%	5.9%	5.7%	6.4%
Restructuring initiatives		11.8	3.1	(0.1)	0.1
% of Net Sales		0.5%	0.1%		
Operating Income	**306.4**	284.6	258.9	287.1	268.0
% of Net Sales	**11.8%**	11.3%	11.1%	12.3%	12.9%
Net Income	**191.6**	171.9	162.4	183.6	173.6
% of Net Sales	**7.4%**	6.8%	7.0%	7.9%	8.4%
Net Income Attributable to AptarGroup, Inc.	**191.7**	172.0	162.6	183.7	173.5
% of Net Sales	**7.4%**	6.8%	7.0%	7.9%	8.4%
Net Income Attributable to AptarGroup, Inc. per Common Share:					
Basic	**2.95**	2.60	2.45	2.76	2.58
Diluted	**2.85**	2.52	2.38	2.65	2.48
Balance Sheet and Other Data:					
Capital Expenditures	**$ 161.9**	$ 151.5	$ 174.1	$ 179.7	$ 118.8
Total Assets	**2,437.2**	2,497.8	2,324.4	2,159.3	2,032.7
Long-Term Obligations	**588.9**	354.8	352.9	254.9	258.8
Net Debt (2)	**441.1**	184.7	197.8	61.0	(22.1)
AptarGroup, Inc. Stockholders' Equity	**1,103.4**	1,479.8	1,379.9	1,289.8	1,278.9
Capital Expenditures % of Net Sales	**6.2%**	6.0%	7.5%	7.7%	5.7%
Interest Bearing Debt to Total Capitalization (3)	**43.2%**	25.1%	23.7%	25.4%	21.7%
Net Debt to Net Capitalization (4)	**28.6%**	11.1%	12.5%	4.5%	(1.8%)
Cash Dividends Declared per Common Share	**1.09**	1.00	.88	.80	.66

(1) Depreciation and amortization includes $2.7 million and $1.6 million of accelerated depreciation related to the European restructuring plan for the year ended December 31, 2013 and 2012, respectively.

(2) Net Debt is interest bearing debt less cash and cash equivalents.

(3) Total Capitalization is AptarGroup, Inc. Stockholders' Equity plus Interest Bearing Debt.

(4) Net Capitalization is AptarGroup, Inc. Stockholders' Equity plus Net Debt.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In thousands, expect per share amounts or otherwise indicated)

The objective of the following Management's Discussion and Analysis of Consolidated Results of Operations and Financial Condition ("MD&A") is to help the reader understand the financial performance of AptarGroup, Inc. MD&A is presented in eight sections: Overview, Results of Operations, Liquidity and Capital Resources, Off-Balance Sheet Arrangements, Overview of Contractual Obligations, Recently Issued Accounting Pronouncements, Critical Accounting Estimates, Operations Outlook and Forward-Looking Statements. MD&A should be read in conjunction with our consolidated financial statements and accompanying Notes to Consolidated Financial Statements contained elsewhere in this Annual Report on Form 10-K.

In MD&A, "we," "our," "us," "AptarGroup," "AptarGroup, Inc." and "the Company" refer to AptarGroup, Inc. and its consolidated subsidiaries.

OVERVIEW

GENERAL

We are a leading global solution provider of a broad range of innovative packaging delivery solutions primarily for the beauty, personal care, home care, prescription drug, consumer health care, injectables, food and beverage markets. Our creative packaging solutions enhance the convenience, safety and security of consumers around the globe and allow our customers to differentiate their products in the market.

We define core sales as net sales excluding acquisitions and changes in foreign currency rates. Core sales is a non-GAAP financial measure. We present this measure as supplemental information to help our investors better understand the trends in our business results over time. Our management uses core sales to evaluate our business on a consistent basis. A reconciliation of core sales growth to net sales growth, the most comparable GAAP measure, can be found on page 15.

Our diverse product offering and broad global reach drove core sales growth in 2014. In spite of softer macroeconomic conditions and inventory destocking in certain markets, we were able to grow core sales by 5% over the prior year. We saw improvement in year over year core sales growth in each of our business segments, end markets and geographic regions. Earnings growth was under pressure, particularly within our Beauty + Home segment, as we had certain start-up costs related to our expansion in Latin America, negative currency transaction effects and the negative impact on margins from softer volumes at different times throughout the year. However, strong results from our Pharma and Food + Beverage segments drove record annual earnings per share. On a geographic basis excluding currency effects, we benefitted from strong sales growth rates in Latin America and Asia while we had more moderate growth in Europe the U.S.

2014 HIGHLIGHTS

- Diluted earnings per share increased 13% to a record $2.85 per share compared to $2.52 per share in the prior year.
- Core sales increased 5%, while reported sales increased 3% due to foreign currency headwinds.
- Sales growth across all three business segments, end markets and geographic regions drove results.
- Pharma and Food + Beverage segments reported strong results.
- Beauty + Home segment sales growth was affected by soft demand in several markets, start-up costs for our Colombian operations and a fire in one of our Brazilian facilities.
- We spent approximately $341 million to repurchase 4.5 million shares of our common stock, including 3.1 million shares that were acquired as part of our accelerated share repurchase program executed during the fourth quarter.
- We increased the quarterly dividend by 12% making this our 21st consecutive year of paying an increased annual dividend. We made total dividend payments to our shareholders totaling approximately $71 million.

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RESULTS OF OPERATIONS

The following table sets forth the consolidated statements of income and the related percentages of net sales for the periods indicated:

Years Ended December 31,	2014 Amount in $ Thousands	% of Net Sales	2013 Amount in $ Thousands	% of Net Sales	2012 Amount in $ Thousands	% of Net Sales
Net sales	**$ 2,597,809**	**100.0%**	$ 2,520,013	100.0%	$ 2,331,036	100.0%
Cost of sales (exclusive of depreciation shown below)	**1,755,266**	**67.6**	1,708,936	67.8	1,590,365	68.2
Selling, research & development and administrative	**383,909**	**14.8**	364,747	14.4	341,634	14.7
Depreciation and amortization	**152,218**	**5.8**	149,956	6.0	137,022	5.9
Restructuring initiatives			11,800	0.5	3,102	0.1
Operating income	**306,416**	**11.8**	284,574	11.3	258,913	11.1
Other expense	**(20,115)**	**(0.8)**	(20,191)	(0.8)	(17,540)	(0.8)
Income before income taxes	**286,301**	**11.0**	264,383	10.5	241,373	10.3
Net Income	**191,624**	**7.4**	171,926	6.8	162,420	7.0
Effective tax rate	**33.1%**		35.0%		32.7%	

NET SALES

We reported net sales of $2.6 billion for 2014, 3% above 2013 reported net sales of $2.5 billion. The negative translation effect of 2% mainly relates to the strength of the U.S. Dollar compared to Latin American and Asian currencies as the Euro rates remained relatively stable when compared to the U.S. Dollar for the full year. All three operating segments saw core sales increases in 2014, but the consolidated 5% core sales growth was mainly driven by the strong results of our Food + Beverage and Pharma segments.

In 2013, we reported net sales of $2.5 billion for 2013, 8% above 2012 reported net sales of $2.3 billion. Stelmi, which was acquired in July of 2012, reported sales for the first six months of 2013 of $74.0 million which contributed 3% to the reported increase in 2013 net sales. The negative translation effect from weakening Latin American and Asian currencies was offset by the stronger Euro compared to prior year. This resulted in a 1% positive impact from changes in exchange rates on our reported sales growth. Although all three operating segments saw core sales increases in 2013, the 4% core sales growth was mainly driven by the strong results of our Food + Beverage and Pharma segments.

Net Sales Change over Prior Year	**2014**	**2013**
Core Sales	**5%**	4%
Currency Effects	**(2%)**	1%
Acquisitions		3%
Total Reported Net Sales Growth	**3%**	8%

Foreign currency effects are approximations of the adjustment necessary to state the prior year earnings per share using current period exchange rates. For further discussion on net sales by reporting segment, please refer to the segment analysis of net sales and operating income on the following pages.

The following table sets forth, for the periods indicated, net sales by geographic location:

Years Ended December 31,	**2014**	**% of Total**	**2013**	**% of Total**	**2012**	**% of Total**
Domestic	**$ 642,060**					