

APTARGROUP INC
Form 10-Q
August 02, 2017
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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 JUNE 30, 2017

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, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
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(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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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 July 27, 2017
Common Stock, \$.01 par value per share	62,724,479 shares

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Quarter Ended June 30, 2017

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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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net Sales	\$ 617,746	\$ 619,999	\$ 1,219,062	\$ 1,202,337
Operating Expenses:				
Cost of sales (exclusive of depreciation and amortization shown below)	399,954	389,863	784,886	764,066
Selling, research & development and administrative	95,659	96,131	197,175	199,146
Depreciation and amortization	37,242	40,390	74,573	76,277
	532,855	526,384	1,056,634	1,039,489
Operating Income	84,891	93,615	162,428	162,848
Other (Expense) Income:				
Interest expense	(7,712)	(9,203)	(15,974)	(17,794)
Interest income	643	460	973	1,044
Equity in results of affiliates	(22)	(51)	(70)	(172)
Miscellaneous, net	1,768	(463)	1,691	(1,723)
	(5,323)	(9,257)	(13,380)	(18,645)
Income before Income Taxes	79,568	84,358	149,048	144,203
Provision for Income Taxes	14,379	25,307	32,054	41,286
Net Income	\$ 65,189	\$ 59,051	\$ 116,994	\$ 102,917
	\$ (15)	\$ (3)	\$ —	\$ (6)

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Net Income Attributable to Noncontrolling
Interests

Net Income Attributable to AptarGroup, Inc.	\$ 65,174	\$ 59,048	\$ 116,994	\$ 102,911
Net Income Attributable to AptarGroup, Inc. per Common Share:				
Basic	\$ 1.04	\$ 0.94	\$ 1.87	\$ 1.64
Diluted	\$ 1.01	\$ 0.91	\$ 1.81	\$ 1.58
Average Number of Shares Outstanding:				
Basic	62,631	63,053	62,494	62,888
Diluted	64,828	64,785	64,519	65,063
Dividends per Common Share	\$ 0.32	\$ 0.30	\$ 0.64	\$ 0.60

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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net Income	\$ 65,189	\$ 59,051	\$ 116,994	\$ 102,917
Other Comprehensive Income:				
Foreign currency translation adjustments	28,416	(34,725)	51,602	30,447
Changes in treasury locks, net of tax	7	6	14	13
Defined benefit pension plan, net of tax				
Amortization of prior service cost included in net income, net of tax	69	59	136	116
Amortization of net loss included in net income, net of tax	827	782	1,639	1,558
Total defined benefit pension plan, net of tax	896	841	1,775	1,674
Total other comprehensive income (loss)	29,319	(33,878)	53,391	32,134
Comprehensive Income	94,508	25,173	170,385	135,051
Comprehensive (Income) Loss Attributable to Noncontrolling Interests	(20)	5	(7)	1
Comprehensive Income Attributable to AptarGroup, Inc.	\$ 94,488	\$ 25,178	\$ 170,378	\$ 135,052

See accompanying Unaudited Notes to Condensed Consolidated Financial Statements.

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AptarGroup, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

In thousands

	June 30, 2017	December 31, 2016
Assets		
Current Assets:		
Cash and equivalents	\$ 336,915	\$ 466,287
Accounts and notes receivable, less allowance for doubtful accounts of \$3,140 in 2017 and \$2,989 in 2016	499,697	433,127
Inventories	320,082	296,914
Prepaid and other	87,775	73,842
	1,244,469	1,270,170
Property, Plant and Equipment:		
Buildings and improvements	392,940	368,260
Machinery and equipment	2,089,814	1,938,352
	2,482,754	2,306,612
Less: Accumulated depreciation	(1,676,064)	(1,545,384)
	806,690	761,228
Land	25,018	23,093
	831,708	784,321
Other Assets:		
Investments in affiliates	9,425	4,241
Goodwill	429,579	407,522
Intangible assets	95,454	94,489
Miscellaneous	53,229	46,042
	587,687	552,294
Total Assets	\$ 2,663,864	\$ 2,606,785

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

	June 30, 2017	December 31, 2016
Liabilities and Stockholders' Equity		
Current Liabilities:		
Notes payable	\$ 2,299	\$ 169,213
Current maturities of long-term obligations, net of unamortized debt issuance costs	5,590	4,603
Accounts payable and accrued liabilities	471,171	369,139
	479,060	542,955
Long-Term Obligations, net of unamortized debt issuance costs	770,648	772,737
Deferred Liabilities and Other:		
Deferred income taxes	16,828	16,803
Retirement and deferred compensation plans	82,789	94,545
Deferred and other non-current liabilities	5,363	5,503
Commitments and contingencies	—	—
	104,980	116,851
Stockholders' Equity:		
AptarGroup, Inc. stockholders' equity		
Common stock, \$.01 par value, 199 million shares authorized, 66.5 and 66.0 million shares issued as of June 30, 2017 and December 31, 2016, respectively	665	660
Capital in excess of par value	594,145	546,682
Retained earnings	1,238,123	1,197,234
Accumulated other comprehensive (loss)	(266,325)	(319,709)
Less: Treasury stock at cost, 3.9 million shares as of June 30, 2017 and December 31, 2016	(257,731)	(250,917)
Total AptarGroup, Inc. Stockholders' Equity	1,308,877	1,173,950
Noncontrolling interests in subsidiaries	299	292
Total Stockholders' Equity	1,309,176	1,174,242
Total Liabilities and Stockholders' Equity	\$ 2,663,864	\$ 2,606,785

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