

BERRY PLASTICS GROUP INC
Form 10-Q
May 07, 2013

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 30, 2013

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 001-35672
BERRY PLASTICS GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	20-5234618
(State or other	(IRS employer
jurisdiction	identification number)
of incorporation or	
organization)	
101 Oakley Street	
Evansville, Indiana	47710
(Address of principal	(Zip code)
executive offices)	

Registrant's telephone number, including area code: (812) 424-2904

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value per share	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 No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes No

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 such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No

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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 (§232.405 of this chapter) 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 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:

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, or non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Small reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of May 7, 2013, there were approximately 113,790,000 shares of the registrant's common stock outstanding.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), with respect to our financial condition, results of operations and business and our expectations or beliefs concerning future events. The forward-looking statements include, in particular, statements about our plans, strategies and prospects under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “would,” “could,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” or “anticipates” or similar expressions that relate to our strategy, plans and intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this Form 10-Q.

All forward-looking information and subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- risks associated with our substantial indebtedness and debt service;
- changes in prices and availability of resin and other raw materials and our ability to pass on changes in raw material prices on a timely basis;
 - performance of our business and future operating results;
 - risks related to our acquisition strategy and integration of acquired businesses;
 - reliance on unpatented know-how and trade secrets;
- increases in the cost of compliance with laws and regulations, including environmental, safety, and production and product laws and regulations;
- risks related to disruptions in the overall economy and the financial markets that may adversely impact our business;
- catastrophic loss of one of our key manufacturing facilities, natural disasters, and other unplanned business interruptions;
 - risks of competition, including foreign competition, in our existing and future markets;
 - general business and economic conditions, particularly an economic downturn;
 - the ability of our insurance to cover fully our potential exposures; and
- the other factors discussed in our Form 10-K for the fiscal year ended September 29, 2012 in the section titled “Risk Factors.”

We caution readers that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Form 10-Q may not in fact occur. Accordingly, investors should not place undue reliance on those statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Readers should carefully review the factors discussed in our Form 10-K for the fiscal year ended September 29, 2012 in the section titled “Risk Factors” and other risk factors identified from time to time in our periodic filings with the Securities and Exchange Commission (“SEC”). We undertake no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

AVAILABLE INFORMATION

We make available, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments, if any, to those reports through our Internet website as soon as practicable after they have been electronically filed with or furnished to the SEC. Our internet address is www.berryplastics.com. The information contained on our website is not being incorporated herein.

Berry Plastics Group, Inc.

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For Quarterly Period Ended March 30, 2013

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Berry Plastics Group, Inc.
Consolidated Balance Sheets
(in millions of dollars, except per share data)

	March 30, 2013	September 29, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 16	\$ 87
Accounts receivable (less allowance of \$3 at March 30, 2013 and September 29, 2012)	458	455
Inventories:		
Finished goods	357	306
Raw materials and supplies	253	229
	610	535
Deferred income taxes	130	114
Prepaid expenses and other current assets	35	42
Total current assets	1,249	1,233
Property, plant, and equipment, net	1,242	1,216
Goodwill, intangible assets and deferred costs	2,579	2,636
Other assets	12	21
Total assets....	\$ 5,082	\$ 5,106
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 375	\$ 306
Accrued expenses and other current liabilities	300	300
Current portion of long-term debt	57	40
Total current liabilities	732	646
Long-term debt, less current portion	3,942	4,431
Deferred income taxes	330	315
Other long-term liabilities	393	166
Total liabilities	5,397	5,558
Commitments and contingencies		
Redeemable shares	—	23
Stockholders' equity (deficit):		
Common stock; (\$0.01 par value; 400,000,000 shares authorized; 113,164,457 shares issued and 113,093,973 shares outstanding as of March 30, 2013; 84,696,218 issued and 83,209,232 outstanding as of September 29, 2012)	1	1
Paid-in capital	301	131
Notes receivable—common stock	(1)	(2)
Non-controlling interest	3	3
Accumulated deficit	(570)	(561)
Accumulated other comprehensive loss	(49)	(47)
Total stockholders' equity (deficit)	(315)	(475)

Total liabilities and stockholders' equity (deficit)	\$ 5,082	\$ 5,106
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See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited)
(in millions of dollars, except per share data)

	Quarterly Period Ended		Two Quarterly Periods Ended	
	March 30, 2013	March 31, 2012	March 30, 2013	March 31, 2012
Net sales	\$ 1,150	\$ 1,183	\$ 2,222	\$ 2,320
Costs and expenses:				
Cost of goods sold	936	979	1,831	1,964
Selling, general and administrative	75	84	152	156
Amortization of intangibles	27	26	54	54
Restructuring and impairment charges	1	3	6	26
Operating income	111	91	179	120
Debt extinguishment	48	—	64	—
Other expense (income), net	(1)	2	(4)	(2)
Interest expense	61	83	131	166
Income (loss) before income taxes	3	6	(12)	(44)
Income tax expense (benefit)	2	4	(3)	(15)
Net income (loss)	\$ 1	\$ 2	\$ (9)	\$ (29)
Net loss per share:				
Basic	\$ 0.01	\$ 0.02	\$ (0.08)	\$ (0.35)
Diluted	0.01	0.02	(0.08)	(0.35)
Weighted-average number of shares outstanding: (in thousands)				
Basic	113,034	83,508	112,193	83,680
Diluted	118,197	84,574	112,193	83,680
Comprehensive income (loss)	\$ (4)	\$ 10	\$ (11)	\$ (20)

See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Consolidated Statement of Changes in Stockholders' Equity (Deficit)
For the Two Quarterly Periods Ended March 30, 2013 and March 31, 2012
(Unaudited)
(in millions of dollars)

	Common Stock	Paid-in Capital	Notes Receivable-Common Stock	Non-controlling Interest	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at October 1, 2011	\$ —	\$ 143	\$ (2)	\$ 3	\$ (48)	\$ (563)	\$ (467)
Redeemable shares	—	(2)	—	—	—	—	(2)
Stock compensation expense	—	2	—	—	—	—	2
Derivative amortization	—	—	—	—	1	—	1
Currency translation	—	—	—	—	8	—	8
Net loss	—	—	—	—	—	(29)	(29)
Balance at March 31, 2012	—	143	(2)	3	(39)	(592)	(487)
Balance at September 29, 2012	\$ 1	\$ 131	\$ (2)	\$ 3	\$ (47)	\$ (561)	\$ (475)
Proceeds from issuance of common stock	—	4	—	—	—	—	4
Stock compensation expense	—	5	—	—	—	—	5
Repayment of note receivable	—	—	1	—	—	—	1
Termination of redeemable shares redemption requirement	—	23	—	—	—	—	23
Proceeds from initial public offering	—	438	—	—	—	—	—