

BEMIS CO INC
Form 10-Q
November 09, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2010

Commission File Number 1-5277

BEMIS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of
incorporation or organization)

One Neenah Center
4th Floor, P.O. Box 669
Neenah, Wisconsin
(Address of principal executive offices)

43-0178130
(I.R.S. Employer
Identification No.)

54957-0669
(Zip Code)

Registrant's telephone number, including area code: **(920) 727-4100**

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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 (§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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company. YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 2, 2010, the registrant had 108,192,704 shares of Common Stock, \$.10 par value, issued and outstanding.

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

The unaudited consolidated financial statements and related footnotes, enclosed as Exhibit 19 to this Form 10-Q (the Consolidated Financial Statements), are incorporated by reference into this Item 1. In the opinion of management, the financial statements reflect all adjustments necessary for a fair presentation of the financial position and the results of operations as of and for the quarter and year-to-date periods ended September 30, 2010.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements.

| Nine-month review of results (dollars in millions) | Three months ended September 30, | | | | Nine months ended September 30, | | | |
|---|----------------------------------|--------|----------|--------|---------------------------------|--------|------------|--------|
| | 2010 | | 2009 | | 2010 | | 2009 | |
| Net sales | \$ 1,294.3 | 100.0% | \$ 898.9 | 100.0% | \$ 3,586.3 | 100.0% | \$ 2,608.7 | 100.0% |
| Cost of products sold | 1,052.1 | 81.3 | 718.8 | 80.0 | 2,927.9 | 81.6 | 2,086.2 | 80.0 |
| Gross profit | 242.2 | 18.7 | 180.1 | 20.0 | 658.4 | 18.4 | 522.5 | 20.0 |
| Selling, general, and administrative expenses | 114.0 | 8.8 | 95.8 | 10.6 | 333.8 | 9.3 | 273.3 | 10.5 |
| Other (income) expense, net | 28.8 | 2.2 | 24.4 | 2.7 | 82.4 | 2.3 | 52.1 | 2.0 |
| Income from continuing operations before income taxes | 99.4 | 7.7 | 59.9 | 6.7 | 242.2 | 6.8 | 197.1 | 7.5 |
| Provision for income taxes | 35.8 | 2.8 | 21.5 | 2.4 | 87.2 | 2.4 | 71.6 | 2.7 |
| Income from continuing operations | 63.6 | 4.9 | 38.4 | 4.3 | 155.0 | 4.4 | 125.5 | 4.8 |
| Income from discontinued operations, net of tax | (0.8) | (0.1) | | | 1.8 | 0.1 | | |
| Net income | 62.8 | 4.8 | 38.4 | 4.3 | 156.8 | 4.3 | 125.5 | 4.8 |
| Less: net income attributable to noncontrolling interests | 1.4 | 0.1 | 2.6 | 0.3 | 5.0 | 0.1 | 4.4 | 0.2 |
| Net income attributable to Bemis Company, Inc. | \$ 61.4 | 4.7% | \$ 35.8 | 4.0% | \$ 151.8 | 4.2% | \$ 121.1 | 4.6% |
| Effective income tax rate | | 36.0% | | 35.9% | | 36.0% | | 36.3% |

Overview

Bemis Company, Inc. (the Company) is a leading global manufacturer of flexible packaging and pressure sensitive materials supplying a variety of markets. Approximately 70 percent of our total company net sales are to customers in the food industry. Sales of our flexible packaging products are widely diversified among food categories and can be found in nearly every aisle of the grocery store. Our emphasis on supplying packaging to the food industry has historically provided a more stable market environment for our flexible packaging business segment, which accounted for approximately 89 percent of our net sales in the third quarter of 2010. The remaining 11 percent of net sales is from our pressure sensitive materials business segment which, while diversified in end use products, is less focused on food industry applications and more exposed to economically sensitive end markets such as advertising, housing, and automotive.

Market Conditions

The markets into which our products are sold are highly competitive. The primary raw materials for our business segments are polymer resins, films, paper, ink, adhesives, aluminum, and chemicals. During 2010, the cost of these raw materials has generally increased. This compares to an environment of decreasing raw material costs during 2009. In addition, during the third quarter of 2010, our industry began to experience a shortage of one of our raw materials, oriented polyester film. At this time, we have been able to secure sufficient supply to meet our production needs; however the shortage has further increased raw material costs.

Sale of Discontinued Operations

Under the terms of an order signed by the U.S. District Court for the District of Columbia on February 25, 2010, a portion of the Food Americas business acquired on March 1, 2010 was sold on July 13, 2010 to Exopack Holding Corp., an affiliate of private investment firm Sun Capital Partners, Inc. The transaction was completed for a cash purchase price, net of selling costs, of \$75.2 million. The divested business recorded 2009 net sales of approximately \$156 million and manufactures flexible packaging for retail natural cheese and shrink bags for fresh red meat. Operating results associated with this business have been classified as discontinued operations since the Food Americas acquisition.

Results of Operations Three Months Ended September 30, 2010*Consolidated Overview*

| (in millions, except per share amounts) | 2010 | 2009 |
|--|------------|----------|
| Net sales | \$ 1,294.3 | \$ 898.9 |
| Net income attributable to Bemis Company, Inc. | 61.4 | 35.8 |
| Diluted earnings per share | | |
| from continuing operations | 0.56 | 0.33 |
| from discontinued operations | (0.01) | |
| Bemis Company, Inc. | 0.55 | 0.33 |

Net sales for the third quarter ended September 30, 2010, were \$1.29 billion compared to \$898.9 million in the third quarter of 2009, an increase of 44 percent. We estimate that acquisitions increased net sales by approximately 36 percent during the quarter. The effect of currency translation on net sales was not significant. The remaining 8 percent increase in net sales primarily reflects higher prices and improved unit sales volume from existing and acquired operations.

Net income for the third quarter of 2010 reflects the positive impact of the acquisition of Food Americas on March 1, 2010. Diluted earnings per share from continuing operations for the third quarter of 2010 included a \$0.01 charge for acquisition-related costs including legal, severance costs for workforce reductions, and equipment relocation costs. We reported a net loss of \$0.01 per share from discontinued operations for the third quarter of 2010. Diluted earnings per share for the third quarter of 2009 included a \$0.09 per share charge for acquisition-related legal, accounting and other professional fees. In addition, prior year third quarter diluted earnings per share were reduced by a total of \$0.08 related to the impact of the July 2009 issuance of public bonds and common stock. Results for the third quarter of 2009 also included a \$0.02 per share gain on the sale of property in Brazil.

Flexible Packaging Business Segment

| (dollars in millions) | 2010 | 2009 |
|---|------------|----------|
| Net sales | \$ 1,152.3 | \$ 764.1 |
| Operating profit (See Note 15 to the Consolidated Financial Statements) | 135.8 | 106.0 |
| Operating profit as a percentage of net sales | 11.8% | 13.9% |

Net sales for our flexible packaging business segment increased 50.8 percent in the third quarter of 2010. Currency effects increased net sales by 0.8 percent during the third quarter, and acquisitions completed during the last 12 months increased net sales by an estimated 42 percent. The remaining 8.0 percent growth in net sales from existing and acquired operations reflects higher prices and improved unit sales volume from existing and acquired operations.

Operating profit for the third quarter of 2010 included a charge of \$0.5 million for acquisition-related costs associated with severance for workforce reduction and equipment relocation. Operating margins as a percentage of net sales in the third quarter of 2010 reflect generally lower operating margins in the newly acquired Food Americas operations. In addition, operating margins include the negative impact of higher material costs in 2010 and lower profits in our European operations compared to record operating performance in that region during 2009.

Pressure Sensitive Materials Business Segment

| (dollars in millions) | 2010 | | 2009 | |
|---|-------------|-------|-------------|-------|
| Net sales | \$ | 142.0 | \$ | 134.8 |
| Operating profit (See Note 15 to the Consolidated Financial Statements) | | 7.6 | | 5.4 |
| Operating profit as a percentage of net sales | | 5.4% | | 4.0% |

Third quarter 2010 net sales for the pressure sensitive materials business segment increased 5.3 percent from the third quarter of 2009. Currency effects decreased net sales by 4.4 percent. Healthy unit volume growth primarily in the North American operations supported sales growth during the third quarter of 2010.

Operating profit as a percentage of net sales increased to 5.4 percent for the third quarter of 2010 from 4.0 percent for the third quarter of 2009 reflecting higher sales volumes across all product lines.

Consolidated Gross Profit

| (dollars in millions) | 2010 | | 2009 | |
|---|-------------|-------|-------------|-------|
| Gross profit | \$ | 242.3 | \$ | 180.1 |
| Gross profit as a percentage of net sales | | 18.7% | | 20.0% |

Gross profit as a percentage of net sales was reduced from the same period of 2009 reflecting increased raw material costs in 2010 and the impact of the acquisition of the Food Americas business, which currently operates with generally lower margins than the average total margins of the rest of our business.

Consolidated Selling, General and Administrative Expenses

| (dollars in millions) | 2010 | | 2009 | |
|---|------|-------|------|-------|
| Selling, general and administrative expenses (SG&A) | \$ | 114.0 | \$ | 95.8 |
| SG&A as a percentage of net sales | | 8.8% | | 10.6% |

Selling, general, and administrative expenses increased from the third quarter of 2009 reflecting the impact of the Food Americas acquisition on March 1, 2010. As a percentage of net sales, the lower rate of expenses in the third quarter of 2010 reflects the impact of lower levels of transaction-related costs incurred. In addition, the lower rate of expenses reflects higher net sales levels in 2010 driven primarily by the increases in certain raw material costs that triggered generally higher selling prices.

Other (Income) Expense, net

| (dollars in millions) | 2010 | | 2009 | |
|---|------|-------|------|-------|
| Research and development (R&D) | \$ | 10.5 | \$ | 5.8 |
| R&D as a percentage of net sales | | 0.8% | | 0.6% |
| Interest expense | \$ | 18.3 | \$ | 13.4 |
| Effective interest rate | | 5.1% | | 5.6% |
| Other operating (income) expense, net | \$ | (1.5) | \$ | 10.0 |
| Other non-operating (income) expense, net | \$ | 1.5 | \$ | (4.9) |
| Income taxes | \$ | 35.8 | \$ | 21.5 |
| Effective tax rate | | 36.0% | | 35.9% |

Research and Development

The increase in research and development expenses in the third quarter of 2010 compared to the same period of 2009 reflects the impact of increased spending associated with the Food Americas acquisition completed on March 1, 2010.

Interest Expense

Interest expense increased in the third quarter of 2010 compared to the third quarter of 2009 due primarily to the July 2009 issuance of \$800 million of long term bonds as financing for the Food Americas acquisition.

Other Operating (Income) Expense, Net

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For the third quarter of 2010, other operating income, net, included \$3.5 million of fiscal incentive income, a decrease of \$1.1 million compared to the third quarter of 2009. Fiscal incentives are associated with certain Brazilian operations and are included in flexible packaging segment operating profit. In 2010, other operating income also included \$1.2 million of transaction costs primarily associated with the acquisition of the Food Americas business. Food Americas related transaction costs totaled \$16.0 million for the same period of 2009.

Other Non-operating (Income) Expense, Net

Other non-operating expense, net, included foreign currency hedging costs of \$2.0 million in the third quarter of 2010, partially offset by interest income. Other non-operating income during the third quarter of 2009 includes interest income on cash proceeds received from prefunded acquisition financing in July of 2009 in addition to a gain on the sale of property.

Income Taxes

The difference between our overall tax rate and the U.S. statutory tax rate of 35.0 percent in each period principally relates to state and local income taxes net of federal income tax benefits.

Results of Operations Nine Months Ended September 30, 2010

Consolidated Overview

| (in millions, except per share amounts) | 2010 | | 2009 | |
|--|-------------|---------|-------------|---------|
| Net sales | \$ | 3,586.3 | \$ | 2,608.7 |
| Net income attributable to Bemis Company, Inc. | | 151.8 | | 121.1 |
| Diluted earnings per share | | | | |
| from continuing operations | | 1.35 | | 1.15 |
| from discontinued operations | | 0.02 | | |
| Bemis Company, Inc. | | 1.37 | | 1.15 |

Net sales for the nine months ended September 30, 2010 increased 37.5 percent compared to net sales for the first nine months of 2009. Compared to the same period of 2009, currency effects increased net sales by 2.5 percent in the first nine months of 2010 and we estimate that acquisitions increased net sales by approximately 30 percent. The remaining 5.0 percent increase in net sales from existing and acquired operations primarily reflects higher sales volume compared to the same period in 2009.

Results for the first nine months of 2010 reflect improved performance in the Pressure Sensitive Materials business segment compared to 2009, in addition to the accretive acquisition of the Food Americas business on March 1, 2010. Diluted earnings per share for the

first nine months of 2010 include \$0.09 of charges associated with purchase accounting adjustments for inventory and order backlog, \$0.09 of acquisition-related legal, accounting, and other professional fees, \$0.04 of acquisition-related integration costs, and \$0.06 of acquisition-related financing costs incurred before the transaction was completed. Results for the first nine months of 2009 were negatively impacted by charges primarily associated with acquisition-related costs totaling \$0.18 per share, in addition to \$0.02 per share of severance charges incurred earlier in the year. Results during 2009 also include \$0.08 per share of financing costs and dilution associated with the July 2009 issuance of public bonds and issuance of common stock, respectively, to prefund the Food Americas acquisition. These charges were partially offset by a \$0.02 per share gain on sale of property in Brazil.

Flexible Packaging Business Segment

| (dollars in millions) | 2010 | 2009 |
|---|------------|------------|
| Net sales | \$ 3,160.6 | \$ 2,212.8 |
| Operating profit (See Note 15 to the Consolidated Financial Statements) | 354.3 | 299.7 |
| Operating profit as a percentage of net sales | 11.2% | 13.5% |

Net sales for the flexible packaging business segment for the first nine months of 2010 increased 42.8 percent compared to the same period of 2009. Currency effects increased net sales by 3.2 percent in the first nine months of 2010 compared to the same period of 2009. We estimate that acquisitions increased net sales by approximately 35 percent compared to the first nine months of 2009. The remaining 5 percent growth in net sales primarily reflects higher unit sales volume from existing and acquired operations during the period.

Operating profit from the flexible packaging business segment increased 18.2 percent during the first nine months of 2010 compared to the same period of 2009. Operating profit was reduced by \$15.4 million of purchase accounting adjustments for inventory and order backlog, in addition to a \$4.5 million charge for acquisition related integration costs, including severance costs for workforce reductions and equipment relocation costs. Operating profit as a percentage of net sales in 2010 reflects the negative impact of higher raw material costs in 2010 compared to the first nine months of 2009 and the generally lower operating margins of the Food Americas operations acquired in 2010 compared to the average total operating margins of the rest of our business.

Pressure Sensitive Materials Business Segment

| (dollars in millions) | 2010 | 2009 |
|---|----------|----------|
| Net sales | \$ 425.7 | \$ 395.9 |
| Operating profit (See Note 15 to the Consolidated Financial Statements) | 25.9 | 6.5 |
| Operating profit as a percentage of net sales | 6.1% | 1.6% |

Net sales for the pressure sensitive materials business segment increased 7.5 percent to \$425.7 million during the first nine months of 2010 compared to the same period of 2009. Currency effects decreased net sales by 1.2 percent in the first nine months of 2010. Excluding the effects of currency, the increase in net sales reflects increased sales volume in all product lines and across geographic regions.

Operating profit from the pressure sensitive materials business improved substantially in the first nine months of 2010 compared to the same period of 2009, driven by stronger unit volumes, improved sales mix, and associated operating efficiencies in 2010. Operating profit for the nine months ended 2009 included \$2.6 million of severance costs for reductions in workforce.

Consolidated Gross Profit

| (dollars in millions) | 2010 | | 2009 | |
|---|------|-------|------|-------|
| Gross profit | \$ | 658.4 | \$ | 522.5 |
| Gross profit as a percentage of net sales | | 18.4% | | 20.0% |

Gross profit for the first nine months of 2010 included a charge of \$15.4 million related to purchase accounting charges for inventory and order backlog. The decrease in gross profit compared to the prior year period primarily reflects the impact of the acquisition of the Food Americas business, which currently operates with generally lower margins. Increased raw material costs during 2010 also negatively impacted gross profit margins compared to gross profit margins in 2009.

Consolidated Selling, General and Administrative Expenses

| (dollars in millions) | 2010 | | 2009 | |
|---|------|-------|------|-------|
| Selling, general and administrative expenses (SG&A) | \$ | 333.8 | \$ | 273.3 |
| SG&A as a percentage of net sales | | 9.3% | | 10.5% |

Selling, general, and administrative expenses increased 22.1 percent for the nine months ended September 30, 2010, reflecting the impact of the March 1, 2010 Food Americas acquisition. As a percentage of sales, this category of expenses decreased in the first nine months of 2010, reflecting lower transaction-related costs and higher net sales levels in 2010. Higher net sales were driven primarily by increased raw material costs, which triggered higher selling prices.

Other (Income) Expense, net

| (dollars in millions) | 2010 | | 2009 | |
|---|------|-------|------|-------|
| Research and development (R&D) | \$ | 24.8 | \$ | 18.4 |
| R&D as a percentage of net sales | | 0.7% | | 0.7% |
| Interest expense | \$ | 55.0 | \$ | 25.3 |
| Effective interest rate | | 5.6% | | 3.4% |
| Other operating (income) expense, net | \$ | 3.3 | \$ | 14.9 |
| Other non-operating (income) expense, net | \$ | (0.7) | \$ | (6.4) |
| Income taxes | \$ | 87.2 | \$ | 71.6 |
| Effective tax rate | | 36.0% | | 36.3% |

Research and Development

The increase in research and development expenses in 2010 compared to the same period of 2009 reflects the impact of increased spending associated with the Food Americas acquisition completed on March 1, 2010.

Interest Expense

Interest expense increased by 29.7 million for the first nine months of 2010, reflecting the additional interest cost of the July 2009 bond financing for the March 1, 2010 Food Americas acquisition.

Other Operating (Income) Expense, Net

Other operating expense included \$15.1 million of transaction-related costs in the nine months ended 2010 compared to \$29.7 million of such costs in the same period of 2009. These costs were partially offset by financial income in each period. Fiscal incentives are associated with net sales and manufacturing activities in certain Brazilian operations and are included in business segment operating profit.

Other Non-operating (Income) Expense, Net

Other non-operating income, net, primarily included interest income in 2010. The balance in 2009 reflects the gain on the sale of property in Brazil of \$3.6 million and interest income.

Income Taxes

The difference between our overall tax rate and the U.S. statutory tax rate of 35 percent in each period principally relates to state and local income taxes net of federal income tax benefits. We expect the effective tax rate for total year 2010 to be 36.0 percent.

Liquidity and Capital Resources

Net Debt to Total Capitalization

Net debt to total capitalization (which includes total debt net of cash balances plus equity) was 40.2 percent at September 30, 2010, compared to 39.2 percent at December 31, 2009. The December 31, 2009 calculation of net debt to total capitalization excluded \$1.0 billion of cash on hand related to the acquisition financing proceeds received in advance of the March 1, 2010 closing of the Food Americas acquisition. During the nine months ended September 30, 2010, total debt increased by \$119.8 million reflecting the increase in commercial paper necessary to complete the March 1, 2010 acquisition of Food Americas, partially offset by cash payments to reduce debt outstanding. In addition to the commercial paper issued at closing, the \$1.2 billion cash price paid to complete the acquisition of Food Americas was funded with \$1.0 billion of cash raised in 2009 from the sale of long-term debt and issuance of common stock.

Sources of Liquidity

Cash provided by operating activities was \$249.0 million for the first nine months of 2010, a 37 percent decrease compared to the same period of 2009. Working capital increased by \$83.6 million during 2010 reflecting the impact of raw material cost increases and higher sales volumes in the period, in addition to acquisition transition and system integration activities. Working capital was a significant source of cash during the first nine months of 2009 primarily reflecting the impact of a declining raw material cost environment.

On July 13, 2010, we completed the sale of our discontinued operations for a cash price, net of selling costs, totaling \$75.2 million.

As of September 30, 2010, we had a total of \$625.0 million of revolving credit facilities. These credit facilities are used principally as back-up for our commercial paper program. As of September 30, 2010, there was \$261.5 million of debt outstanding supported by these credit facilities, leaving \$363.5 million of available credit. Cash flows from operating activities are expected to provide sufficient liquidity to meet future cash obligations.

Uses of Liquidity

During the third quarter of 2010, proceeds from the disposition of discontinued operations and cash provided by operations were used to complete \$25.4 million of capital expenditures, pay \$25.5 million of common stock dividends, repurchase one million shares of Bemis common stock for \$29.2 million, and reduce debt outstanding by \$96.4 million.

On May 14, 2010, we announced that our wholly owned Brazilian subsidiary had initiated the tender offer process for all of the outstanding publicly owned shares of our majority owned subsidiary, Dixie Toga S.A. Shares of Dixie Toga S.A. are traded on the São Paulo Stock Exchange (BM&F Bovespa S.A.). The total cost of the shares to be acquired in the tender offer, assuming all outstanding shares are tendered, is expected to range between \$55 million and \$60 million, based upon recent currency exchange rates. The tender offer is subject to Brazilian regulatory procedures and there is no assurance that the tender offer will be completed successfully.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain estimates, predictions, and other forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements are generally identified with the words believe, expect, anticipate, intend, estimate, target, may, will, plan, project, should, continue, or the negative thereof or other similar expressions of future goals or aspirations, which are predictions of or indicate future events and trends and which do not relate to historical matters. Such statements are based on information available to management as of the time of such statements and relate to, among other things, expectations of the business environment in which we operate, projections of future performance (financial and otherwise), including those of acquired companies, perceived opportunities in the market and statements regarding our mission and vision. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions caused by inflation, interest rates, consumer confidence, rates of unemployment and foreign currency exchange rates; investment performance of assets in our pension plans; competitive conditions within our markets, including the acceptance of our new and existing products; customer contract bidding activity; threats or challenges to our patented or proprietary technologies; raw material costs, availability, and terms, particularly for polymer resins and adhesives; price changes for raw materials and our ability to pass these price changes on to our customers or otherwise manage commodity price fluctuation risks; broad changes in customer order patterns; our ability to achieve expected cost savings associated with cost management initiatives; the presence of adequate cash available for investment in our business in order to maintain desired debt levels; a failure in our information technology infrastructure or applications; changes in governmental regulation, especially in the areas of environmental, health and safety matters, fiscal incentives, and foreign investment; unexpected outcomes in our current and future administrative and litigation proceedings; unexpected outcomes in our current and future tax proceedings; changes in domestic and international tax laws; costs associated with the pursuit of business combinations; unexpected costs associated with the integration of acquired businesses; changes in our labor relations; and the impact of changes in the world political environment including threatened or actual armed conflict. These and other risks, uncertainties, and assumptions identified from time to time in our filings with the Securities and Exchange Commission, including without limitation, our Annual Report on Form 10-K for the year ended December 31, 2009 and our quarterly reports on Form 10-Q, could cause actual future results to differ materially from those projected in the forward-looking statements. In addition, actual future results could differ materially from those projected in the forward-looking statement as a result of changes in the assumptions used in making such forward-looking statement.

Explanation of Terms Describing the Company's Products

Barrier laminate A multilayer plastic film made by laminating two or more films together with the use of adhesive or a molten plastic to achieve a barrier for the planned package contents.

Barrier products Products that provide protection and extend the shelf life of the contents of the package. These products provide this protection by combining different types of plastics and additives into a multilayered plastic package. These products protect the contents from such things as oxygen, moisture, light, odor, or other environmental factors.

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Blown film A plastic film that is extruded through an annular die in the form of a tube and then expanded by an internal column of air in the manufacturing process.

Bundling films A film manufactured by a modified blown film process that is used for wrapping and holding multipacks of products such as canned goods and bottles of liquids, replacing corrugate and fiberboard.

Cast film A plastic film that is extruded through a straight slot die as a flat sheet during its manufacturing process.

Coextruded film A blown or cast film extruded with multiple layers extruded simultaneously.

Controlled atmosphere packaging A package which limits the flow of elements, such as oxygen, carbon dioxide or moisture, into or out of the package.

Crystallized Polyester (PET) CPET. The process of using a combination of formulated resin blends and thermoforming conditions to increase the crystallinity of PET trays, which increases the heat distortion temperature of the trays to 450 degrees Fahrenheit. This allows foods packaged in these trays to go directly from freezer to oven for heating of the food.

EZ Open Packaging Any one of a series of technologies employed to allow the consumer easy access to a packaged product. Peelable closures, laser or other physical scoring/abrasion of a packaging film may be used. EZ Open can be combined with reclose features such as plastic zippers or the inclusion of pressure sensitive materials into the packaging film.

Flexible polymer film A non-rigid plastic film. Generally the shape of the package changes as the product contained in it is removed.

Flexographic printing The most common flexible packaging printing process in North America using a raised rubber or alternative material image mounted on a printing cylinder.

Graphic products Pressure sensitive materials used for decorative signage, promotional items and displays, and advertisements.

In-line overlamination The ability to add a protective coating to a printed material during the printing process.

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IWS Individually Wrapped Slices. A term used to describe individually wrapped slices of process cheese foods.

IWS Inner Wrap The plastic film used to wrap each slice of process cheese. Typically, these films are cast coextrusions of polypropylene resins.

Label products Pressure sensitive materials made up and sold in roll form.

Labelstock Pressure sensitive material designed for the label markets.

Laminate/Barrier laminate A multilayer plastic film made by laminating two or more films together with the use of adhesive or a molten plastic to achieve the distribution and use requirements for the planned package contents. Alternately, a barrier layer can also be included as one of the films or in the laminating medium to protect the packaged products from such things as moisture, oxygen or other environmental factors.

Liner or Inner Liner Films A multilayer coextruded film that is used as the inner liner for bag-in-box packaging applications for products such as cereal or crackers. The films typically are comprised of high density polyethylenes and may contain barrier resins such as EVOH or nylon.

Modified atmosphere packaging A package in which the normal atmospheric composition of air inside the package has been modified by replacing it with a gas such as nitrogen.

Monolayer film A single layer extruded plastic film.

Multiwall paper bag A package made from two or more layers, at least one of which is paper, which have not been laminated.

Pouches and bags An option that delivers a semi-finished package, instead of rollstock, to a customer for filling product and sealing/closing the package for distribution.

Pressure sensitive material A material coated with adhesive such that upon contact with another material it will stick.

Prime label A pressure sensitive label used as the primary decorative label or secondary label, typically on a consumer product.

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Retort A food processing technique in which the food product is placed in a package and then thermally treated (in the range of 250 degrees Fahrenheit) to extend the food product's shelf life under room temperature storage conditions. High oxygen and moisture barrier flexible or rigid packaging materials can be used for the primary package.

Rigid Packaging A form of packaging in which the shape of the package is retained as its contents are removed in use. Bottles, trays and clamshell packaging are examples.

Rollstock The principal form in which flexible packaging material is delivered to a customer. Finished film wound on a core is converted in a process at the end user's plant that forms, fills, and seals the package of product for delivery to customers.

Rotogravure printing A high quality, long run printing process utilizing a metal engraved cylinder.

Sheet products Pressure sensitive materials cut into sheets and sold in sheet form.

Shrink film/ Barrier shrink film A packaging film consisting of polyethylene and/or polypropylene resins extruded via a tubular process. The film is cooled and then reheated and stretched at a temperature near its melting point. The film can be irradiated with an electron beam in a second process to cross link the molecules for added heat resistance and strength. The film is made to shrink around a product to be packaged by an application of a thermal treatment. Alternately, a layer of an oxygen barrier material can be included to manufacture a barrier shrink film product.

Stretch film A plastic film with a significant ability to stretch which is used to wrap pallets of goods in the shipping process.

Technical products Technically engineered pressure sensitive materials used primarily for fastening and mounting functions, for example in cell phones, appliances, and electronic devices.

Thermoformed plastic packaging A package formed by applying heat to a film to shape it into a tray or cavity and then sealing a flat film on top of the package after it has been filled.

UV inhibitors Chemical agents included in a film to protect products against ultraviolet rays.

Variable information label A pressure sensitive label that is typically printed with a bar code or other type of variable information.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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There have been no material changes in the Company's market risk during the nine month period ended September 30, 2010. For additional information, refer to Note 6 to the Consolidated Financial Statements and to Part II, Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, under the direction, supervision, and involvement of the Chief Executive Officer and the Chief Financial Officer, has carried out an evaluation, as of the end of the period covered by this report, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) of the Company. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that disclosure controls and procedures in place at the Company are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We are in the process of implementing a new enterprise resource planning (ERP) system which is being completed in phases. For the most recent phase, which was completed during the third quarter of 2010, one of the Company's United States operations implemented the new ERP system which resulted in some changes in internal controls. There were no other changes in the Company's

internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The material set forth in Note 14 of the Notes to Consolidated Financial Statements is incorporated herein by reference.

ITEM 1A. RISK FACTORS

The following factors, as well as factors described elsewhere in this Form 10-Q, or in other filings by the Company with the Securities and Exchange Commission, could adversely affect the Company's consolidated financial position, results of operations or cash flows. Other factors not presently known to us or that we presently believe are not material could also affect our business operations and financial results.

Our Integration of the Food Americas acquisition.

On March 1, 2010, Bemis completed the acquisition of the Food Americas operations of Alcan Packaging (the Food Americas Acquisition), a business unit of international mining group Rio Tinto plc, for \$1.2 billion. The acquisition expanded our global presence with additional Food Americas flexible packaging facilities in the United States, Canada, Mexico, Brazil, Argentina, and New Zealand.

Our acquisition of the Food Americas operations of Alcan Packaging presents the following additional or increased risk factors which were not included in our Annual Report on Form 10-K for the year ended December 31, 2009:

We have incurred and will incur integration-related costs in connection with the Food Americas acquisition.

We have incurred and will incur costs in connection with the Food Americas acquisition. The substantial majority of these costs will be non-recurring expenses related to the Food Americas acquisition, facilities, and systems consolidation. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the business, should allow us to more than offset incremental transaction and acquisition-related costs over time, this net benefit may not be achieved in the near term, or at all.

The market price of our common stock may decline as a result of the Food Americas acquisition.

The market price of our common stock may decline as a result of the Food Americas acquisition if, among other things, we are unable to achieve the expected growth in earnings, or if the operational cost savings estimates in connection with the integration of the Alcan Packaging Food Americas business are not realized, or if the integration costs related to the Food Americas acquisition are greater than expected, or if the value of the cash savings attributable to the amortization of tax deductible goodwill is less than anticipated. The market price of our common stock also may decline if we do not achieve the perceived benefits of the acquisition as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the acquisition on our financial results is not consistent with the expectations of financial or industry analysts.

Multiemployer Pension Plans

We participate in various multiemployer pension plans administered by labor unions representing some of our employees. We make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. Our required contributions to these funds could increase because of a shrinking contribution base as a result of the insolvency or withdrawal of other companies that currently contribute to these funds, inability or failure of withdrawing companies to pay their withdrawal liability, lower than expected returns on pension fund assets or other funding deficiencies. In the event that we withdraw from participation in one of these plans, then applicable law could require us to make an additional lump-sum contribution to the plan, and we would have to reflect that as an expense in our consolidated statement of operations and as a liability on our consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent of the plan's funding of vested benefits. In the ordinary course of our renegotiation of collective bargaining agreements with labor unions that maintain these plans, we may decide to discontinue participation in a plan, and in that event, we could face a withdrawal liability. Some multiemployer plans, including one in which we participate, are reported to have significant underfunded liabilities. Such underfunding could increase the size of our potential withdrawal liability.

Domestic and international economic conditions.

Disruption in the domestic and international equity and financial markets may impact local economies in which we conduct business. We are not able to predict the future impact of other market disruptions on our liquidity and consolidated statements of financial position, results of operations, and cash flows.

Foreign operations — Conditions in foreign countries and changes in foreign currency exchange rates may reduce our reported results of operations.

We have operations in the United States, Canada, Mexico, South America, Europe, and Australasia. In 2009, approximately 35 percent of our sales were generated by entities operating outside of the United States. Fluctuations in currencies can cause transaction and

translation losses. In addition, our revenues and net income may be adversely affected by economic conditions, political situations, and changing laws and regulations in foreign countries, as to which we have no control.

Interest rates An increase in interest rates could reduce our reported results of operations.

At September 30, 2010, our variable rate borrowings approximated \$253.5 million. Fluctuations in interest rates can increase borrowing costs and have an adverse impact on results of operations. Accordingly, increases in short-term interest rates will directly impact the amount of interest we pay. For each one percent increase in variable interest rates, our annual interest expense would increase by \$2.5 million on the \$253.5 million of variable rate borrowings outstanding as of September 30, 2010.

Credit rating A downgrade in our credit rating could increase our borrowing costs and negatively affect our financial condition and results of operations.

In addition to using cash provided by operations, we regularly issue commercial paper to meet our short-term liquidity needs. Our credit ratings are important to our ability to issue commercial paper at favorable rates of interest. A downgrade in our credit rating could increase the cost of borrowing by increasing the interest rates that we pay for our commercial paper or the fees associated with our bank credit facility. In addition, our bank credit facility has covenants that include limits on the sale of businesses, minimum net worth calculations, and a maximum ratio of debt to total capitalization. If for any reason our existing credit arrangements were no longer available to us we would be required to seek alternative sources of financing. We would expect to meet our financial liquidity needs by accessing the bank market, which could further increase our borrowing costs.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

| Period | (a) Total Number of Shares Purchased | (b) Average Price Paid per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs |
|-------------------|---|---|---|---|
| August 1-31, 2010 | 1,000,000 | \$ 29.23 | 1,000,000 | |
| Total | | \$ 29.23 | 1,000,000 | 3,074,886 |

During the month of August, the Company repurchased one million shares of Bemis common stock in the open market at an average purchase price of \$29.23 per share. As of September 30, 2010, under authority granted by the Board of Directors, the Company had authorization to repurchase an additional 3,074,886 shares of its common stock. On November 4, 2010, the Board of Directors replaced that share repurchase authorization with a new authorization for the repurchase of a total of ten million shares.

ITEM 6. EXHIBITS

The Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BEMIS COMPANY, INC.

Date November 9, 2010

/s/ Scott B. Ullem
Scott B. Ullem, Vice President and
Chief Financial Officer

Date November 9, 2010

/s/ Stanley A. Jaffy
Stanley A. Jaffy, Vice President
and Controller

Exhibit Index

Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed certain agreements as exhibits to this Quarterly Report on Form 10-Q. These agreements may contain representations and warranties by the parties thereto. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

The following exhibits are filed as part of this Quarterly Report on Form 10-Q. The exhibit numbers followed by an asterisk (*) indicate exhibits electronically filed herewith. All other exhibit numbers indicate exhibits previously filed and are hereby incorporated herein by reference.

| Exhibit | Description |
|---------|---|
| 2(a) | Asset Purchase Agreement between Exopack Holding Corp. and Bemis Company, Inc., dated June 11, 2010, portions have been omitted pursuant to the request for confidential treatment filed with the Securities and Exchange Commission concurrent with the original filing (excluding certain schedules and exhibits referred to in the agreement which the Registrant agrees to furnish supplementally to the Securities and Exchange Commission upon request), (incorporated by reference to the Registrant's Form 8-K filed July 19, 2010, File No. 1-5277). |
| 2(b) | Sale and Purchase Agreement between Bemis Company, Inc. as buyer and Alcan Holdings Switzerland AG, Alcan Corporation, and certain Rio Tinto Alcan Group Companies as sellers, dated as of July 5, 2009 and amended and restated as of February 26, 2010, portions have been omitted pursuant to the request for confidential treatment filed with the Securities and Exchange Commission concurrent with the original filing (excluding certain schedules and exhibits referred to in the agreement, as amended, which the Registrant agrees to furnish supplementally to the Securities and Exchange Commission upon request), (incorporated by reference to the Registrant's Form 8-K filed March 1, 2010, File No. 1-5277). |
| 3(a) | Restated Articles of Incorporation of the Registrant, as amended (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File No. 1-5277). |
| 3(b) | By-Laws of the Registrant, as amended through May 6, 2004 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, File No. 1-5277). |
| 4(a) | Form of Indenture dated as of June 15, 1995, between the Registrant and U.S. Bank Trust National Association (formerly known as First Trust National Association), as Trustee (incorporated by reference to the Registrant's Current Report on Form 8-K dated June 30, 1995, File No. 1-5277). Copies of constituent instruments defining rights of holders of long-term debt of the Company and Subsidiaries, other than the Indenture specified herein, are not filed herewith, pursuant to Instruction (b)(4)(iii)(A) to Item 601 of Regulation S-K, because the total amount of securities authorized under any such instrument does not exceed 10% of the total assets of the Company and Subsidiaries on a consolidated basis. The Registrant hereby agrees that it will, upon request by the SEC, furnish to the SEC a copy of each such instrument. |
| 19* | Reports Furnished to Security Holders. |
| 31.1* | Rule 13a-14(a)/15d-14(a) Certification of CEO. |
| 31.2* | Rule 13a-14(a)/15d-14(a) Certification of CFO. |
| 32* | Section 1350 Certification of CEO and CFO. |

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101* The following materials from Bemis Company, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, formatted in XBRL: (i) Consolidated Statements of Income for the three and nine months ended September 30, 2010 and 2009; (ii) Consolidated Balance Sheets at September 30, 2010 and December 31, 2009; (iii) Consolidated Statements of Cash Flows for the nine months ended September 30, 2010 and 2009; (iv) Consolidated Statements of Equity for the nine months ended September 30, 2010 and 2009; and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text.