

SILGAN HOLDINGS INC  
Form 10-Q  
August 09, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q  
(Mark One)

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

For the quarterly period ended June 30, 2010

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-22117

SILGAN HOLDINGS INC.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

06-1269834  
(I.R.S. Employer  
Identification No.)

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

06901  
(Zip Code)

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

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

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

As of July 30, 2010, the number of shares outstanding of the Registrant's common stock, \$0.01 par value, was 76,678,386.

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SILGAN HOLDINGS INC.

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Part I. Financial Information  
Item 1. Financial Statements

SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)

	June 30, 2010 (unaudited)	June 30, 2009 (unaudited)	Dec. 31, 2009
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 52,079	\$ 79,638	\$ 305,754
Trade accounts receivable, net	306,067	289,309	196,573
Inventories	563,644	542,362	387,214
Prepaid expenses and other current assets	17,167	28,531	24,685
Total current assets	938,957	939,840	914,226
Property, plant and equipment, net	842,879	891,632	882,310
Goodwill	291,724	300,315	303,695
Other intangible assets, net	53,867	56,242	56,152
Other assets, net	55,479	52,400	57,971
	\$ 2,182,906	\$ 2,240,429	\$ 2,214,354
<b>Liabilities and Stockholders' Equity</b>			
Current liabilities:			
Revolving loans and current portion of long-term debt	\$ 88,372	\$ 127,938	\$ 26,067
Trade accounts payable	213,175	218,626	277,809
Accrued payroll and related costs	67,307	72,157	65,142
Accrued liabilities	54,041	60,857	55,318
Total current liabilities	422,895	479,578	424,336
Long-term debt	760,465	856,669	773,347
Other liabilities	279,602	326,754	330,909
Stockholders' equity:			
Common stock	870	434	435
Paid-in capital	175,531	166,878	173,176
Retained earnings	674,928	545,233	628,234
Accumulated other comprehensive loss	(70,587 )	(74,740 )	(55,601 )
Treasury stock	(60,798 )	(60,377 )	(60,482 )
Total stockholders' equity	719,944	577,428	685,762
	\$ 2,182,906	\$ 2,240,429	\$ 2,214,354

See accompanying notes.

## SILGAN HOLDINGS INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the three months ended June 30, 2010 and 2009

(Dollars and shares in thousands, except per share amounts)

(Unaudited)

	2010	2009
Net sales	\$ 693,849	\$ 689,542
Cost of goods sold	585,253	582,753
Gross profit	108,596	106,789
Selling, general and administrative expenses	40,829	40,087
Rationalization charges (credit)	709	(77 )
Income from operations	67,058	66,779
Interest and other debt expense before loss on early extinguishment of debt	11,971	12,208
Loss on early extinguishment of debt	-	661
Interest and other debt expense	11,971	12,869
Income before income taxes	55,087	53,910
Provision for income taxes	18,833	19,153
Net income	\$ 36,254	\$ 34,757
Earnings per share: (a)		
Basic net income per share	\$ 0.47	\$ 0.45
Diluted net income per share	\$ 0.47	\$ 0.45
Dividends per share (a)	\$ 0.11	\$ 0.10
Weighted average number of shares: (a)		
Basic	76,701	76,292
Effect of dilutive securities	586	595
Diluted	77,287	76,887

(a) Per share and share amounts for 2009 have been retroactively adjusted for the two-for-one stock split discussed in Note 1.

See accompanying notes.



SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
For the six months ended June 30, 2010 and 2009  
(Dollars and shares in thousands, except per share amounts)  
(Unaudited)

	2010	2009
Net sales	\$ 1,357,885	\$ 1,344,938
Cost of goods sold	1,145,986	1,143,045
Gross profit	211,899	201,893
Selling, general and administrative expenses	85,372	81,339
Rationalization charges	2,763	1,378
Income from operations	123,764	119,176
Interest and other debt expense before loss on early extinguishment of debt	24,506	22,665
Loss on early extinguishment of debt	-	661
Interest and other debt expense	24,506	23,326
Income before income taxes	99,258	95,850
Provision for income taxes	36,222	34,152
Net income	\$ 63,036	\$ 61,698
Earnings per share: (a)		
Basic net income per share	\$ 0.82	\$ 0.81
Diluted net income per share	\$ 0.82	\$ 0.80
Dividends per share (a)	\$ 0.21	\$ 0.19
Weighted average number of shares: (a)		
Basic	76,665	76,234
Effect of dilutive securities	603	628
Diluted	77,268	76,862

(a) Per share and share amounts for 2009 have been retroactively adjusted for the two-for-one stock split discussed in Note 1.



See accompanying notes.

## SILGAN HOLDINGS INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2010 and 2009

(Dollars in thousands)

(Unaudited)

	2010	2009
Cash flows provided by (used in) operating activities:		
Net income	\$ 63,036	\$ 61,698
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	72,522	73,186
Rationalization charges	2,763	1,378
Loss on early extinguishment of debt	-	661
Excess tax benefit from stock-based compensation	(452 )	(1,173 )
Other changes that provided (used) cash:		
Trade accounts receivable, net	(118,896)	(23,197 )
Inventories	(184,957)	(164,133)
Trade accounts payable	34,275	(28,937 )
Accrued liabilities	4,443	12,834
Contributions to pension benefit plans	(92,287 )	(23,066 )
Other, net	47,078	19,186
Net cash used in operating activities	(172,475)	(71,563 )
Cash flows provided by (used in) investing activities:		
Capital expenditures	(48,104 )	(48,776 )
Proceeds from asset sales	548	2,456
Net cash used in investing activities	(47,556 )	(46,320 )
Cash flows provided by (used in) financing activities:		
Borrowings under revolving loans	203,412	190,620
Repayments under revolving loans	(127,590)	(93,039 )
Proceeds from issuance of long-term debt	-	243,200
Repayments of long-term debt	-	(237,924)
Debt issuance costs	-	(5,325 )
Changes in outstanding checks - principally vendors	(92,531 )	(49,996 )
Dividends paid on common stock	(16,342 )	(14,642 )
Proceeds from stock option exercises	157	1,102
Excess tax benefit from stock-based compensation	452	1,173
Repurchase of treasury shares	(1,202 )	(654 )
Net cash (used in) provided by financing activities	(33,644 )	34,515
Cash and cash equivalents:		
Net decrease	(253,675)	(83,368 )
Balance at beginning of year	305,754	163,006
Balance at end of period	\$ 52,079	\$ 79,638
Interest paid, net		
	\$ 23,777	\$ 19,905

Income taxes paid, net	4,410	27,444
See accompanying notes.		

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SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF  
STOCKHOLDERS' EQUITY  
For the six months ended June 30, 2010 and 2009  
(Dollars and shares in thousands)  
(Unaudited)

	Common Stock			Retained Earnings	Accumulated Other Comprehensive Income		Total Stockholders' Equity
	Shares Outstanding	Par Value	Paid-in Capital		(Loss)	Treasury Stock	
Balance at December 31, 2008	38,026	\$433	\$162,568	\$498,177	\$(75,861)	\$(60,294)	\$525,023
Comprehensive income:							
Net income	-	-	-	61,698	-	-	61,698
Changes in net prior service credit and actuarial losses, net of tax provision of \$1,884	-	-	-	-	2,873	-	2,873
Change in fair value of derivatives, net of tax benefit of \$1,237	-	-	-	-	(1,600)	-	(1,600)
Foreign currency translation, net of tax provision of \$2,838	-	-	-	-	(152)	-	(152)
Comprehensive income							62,819
Dividends declared on common stock	-	-	-	(14,642)	-	-	(14,642)
Stock compensation expense	-	-	2,312	-	-	-	2,312
Stock option exercises, including tax benefit of \$1,389	86	1	2,490	-	-	-	2,491
Net issuance of treasury stock for							

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vested restricted stock units, including tax benefit of \$79	30	-	(492	) -	-	(83	) (575	)
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Balance at June 30, 2009	38,142	\$434	\$166,878	\$545,233	\$(74,740	) \$(60,377)	\$577,428
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Balance at December 31, 2009	38,284	\$435	\$173,176	\$628,234	\$(55,601)	\$(60,482)	\$685,762
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Comprehensive income:

Net income	-	-	-	63,036	-	-	63,036
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