

SEALED AIR CORP/DE
Form 10-Q
August 09, 2012
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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, 2012

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: 1-12139

SEALED AIR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

65-0654331

(I.R.S. Employer Identification Number)

200 Riverfront Boulevard

Elmwood Park, New Jersey

(Address of principal executive offices)

07407-1033

(Zip Code)

Registrant's telephone number, including area code:

(201) 791-7600

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

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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 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

Smaller reporting company

(Do not check if a 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

There were 194,160,105 shares of the registrant's common stock, par value \$0.10 per share, issued and outstanding as of July 31, 2012.

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SEALED AIR CORPORATION AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012

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EX-101 LABELS LINKBASE DOCUMENT

EX-101 PRESENTATION LINKBASE DOCUMENT

EX-101 DEFINITION LINKBASE DOCUMENT

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Cautionary Notice Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning our business, consolidated financial condition and results of operations. All statements other than statements of historical facts included in this report regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. The SEC encourages companies to disclose forward-looking statements so that investors can better understand a company's future prospects and make informed investment decisions. Some of our statements in this report, in documents incorporated by reference into this report and in our future oral and written statements may be forward-looking. These statements reflect our beliefs and expectations as to future events and trends affecting our business, our consolidated financial condition and results of operations. These forward-looking statements are based upon our current expectations concerning future events and discuss, among other things, anticipated future financial performance and future business plans. Forward-looking statements are necessarily subject to risks and uncertainties, many of which are outside our control, which could cause actual results to differ materially from these statements. Forward-looking statements can be identified by such words as anticipates, believes, plan, assumes, could, should, estimates, expects, intends, potential, seek, predict, may, will and similar expressions. Example: forward-looking statements include projections regarding our 2012 guidance and other projections relating to our financial performance such as those in the Components of Change in Net Sales and Cost of Sales sections in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following are important factors that we believe could cause actual results to differ materially from those in our forward-looking statements: the implementation of our Settlement agreement (as defined in Note 14, Commitments and Contingencies) regarding the various asbestos-related, fraudulent transfer, successor liability, and indemnification claims made against the Company arising from a 1998 transaction with W. R. Grace & Co.; global economic conditions; changes in our credit ratings; changes in raw material pricing and availability; changes in energy costs; competitive conditions; currency translation and devaluation effects, including in Venezuela; the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts; the effects of animal and food-related health issues; pandemics; consumer preferences; environmental matters; regulatory actions and legal matters; successful integration of Diversey and the other information referenced below in Part II, Item 1A, Risk Factors. Except as required by the federal securities laws, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****SEALED AIR CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(In millions, except per share amounts)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales:				
Food Packaging	\$ 499.7	\$ 501.9	\$ 987.9	\$ 976.8
Food Solutions	247.1	261.9	485.3	490.7
Protective Packaging	344.6	353.5	690.2	688.6
Diversey	816.3		1,567.2	
Other	96.7	95.3	191.4	185.0
Total net sales	2,004.4	1,212.6	3,922.0	2,341.1
Cost of sales	1,341.8	888.3	2,609.6	1,707.8
Gross profit	662.6	324.3	1,312.4	633.3
Marketing, administrative and development expenses	479.1	186.1	957.2	369.6
Amortization of intangible assets	35.3	2.5	69.5	5.0
Costs related to the acquisition of Diversey	1.7	6.6	3.5	6.6
Restructuring and other charges	26.5		74.6	
Operating profit	120.0	129.1	207.6	252.1
Interest expense	(97.6)	(36.9)	(195.4)	(73.9)
Impairment of equity method investment	(23.5)		(23.5)	
Other expense, net	(5.6)	(2.0)	(9.7)	(6.1)
(Loss) earnings before income tax provision	(6.7)	90.2	(21.0)	172.1
Income tax provision (benefit)	7.0	25.2	(1.4)	47.4
Net (loss) earnings available to common stockholders	\$ (13.7)	\$ 65.0	\$ (19.6)	\$ 124.7
Net (loss) earnings per common share:				
Basic	\$ (0.07)	\$ 0.41	\$ (0.10)	\$ 0.78
Diluted	\$ (0.07)	\$ 0.37	\$ (0.10)	\$ 0.70
Dividends per common share	\$ 0.13	\$ 0.13	\$ 0.26	\$ 0.26
Weighted average number of common shares outstanding:				
Basic	193.0	159.2	192.4	159.0
Diluted	193.0	177.5	192.4	177.2

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**SEALED AIR CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME****(Unaudited)****(In millions)**

	Three Months		Six Months	
	Ended		Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net (loss) earnings available to common stockholders	\$ (13.7)	\$ 65.0	\$ (19.6)	\$ 124.7
Other comprehensive (loss) income, net of income taxes:				
Recognition of deferred pension items, net of taxes of \$0.6 for the three months ended June 30, 2012, \$0.4 for the three months ended June 30, 2011, \$2.1 for the six months ended June 30, 2012 and \$0.7 for the six months ended June 30, 2011	2.9	1.0	3.1	2.1
Unrealized losses on derivative instruments, net of taxes of \$0.1 for the three months ended June 30, 2011, \$0.1 for the six months ended June 30, 2012 and \$0.2 for the six months ended June 30, 2011		(0.1)	(0.2)	(0.3)
Foreign currency translation adjustments	(149.5)	26.1	(41.7)	85.1
Comprehensive (loss) income, net of income taxes	\$ (160.3)	\$ 92.0	\$ (58.4)	\$ 211.6

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**SEALED AIR CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In millions, except share data)

	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 503.9	\$ 722.8
Receivables, net of allowance for doubtful accounts of \$20.3 in 2012 and \$16.3 in 2011	1,359.9	1,385.8
Inventories	883.3	798.1
Deferred tax assets	148.0	165.5
Prepaid expenses and other current assets	144.0	125.6
Total current assets	3,039.1	3,197.8
Property and equipment, net	1,286.8	1,322.1
Goodwill	4,184.2	4,220.5
Intangible assets, net	2,019.6	2,103.2
Non-current deferred tax assets	126.5	129.3
Other assets, net	452.6	459.0
Total assets	\$ 11,108.8	\$ 11,431.9
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Short-term borrowings	\$ 50.0	\$ 34.5
Current portion of long-term debt	1.2	1.9
Accounts payable	621.2	619.0
Deferred tax liabilities	19.1	16.0
Settlement agreement and related accrued interest	854.0	