

BERRY GLOBAL GROUP INC  
Form 10-Q  
February 07, 2018

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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 December 30, 2017  
Commission File Number 001-35672

BERRY GLOBAL GROUP, INC.

A Delaware corporation 101 Oakley Street, Evansville, Indiana, 47710 IRS employer identification number  
(812) 424-2904 20-5234618

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act"):

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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

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, accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth 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 12b-2 of the Exchange Act. Yes No

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

Class Outstanding at February 7, 2018

Common Stock, \$.01 par value per share 131.2 million shares

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, 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." These statements contain words such as "believes," "expects," "may," "will," "should," "would," "could," "seeks," "approximately," "intends," "plans," "estimates," "outlook," "anticipates" or "looking forward" or similar expressions that relate to our strategy, plans, intentions, or expectations. 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.

Readers should carefully review the factors discussed in our most recent Form 10-K 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.

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Part I. Financial Information

## Item 1. Financial Statements

Berry Global Group, Inc.  
Consolidated Statement of Income  
(Unaudited)

(in millions of dollars, except per share amounts)

	Quarterly Period Ended December	
	30, 2017	December 31, 2016
Net sales	\$ 1,776	\$ 1,502
Costs and expenses:		
Cost of goods sold	1,447	1,206
Selling, general and administrative	117	113
Amortization of intangibles	38	33
Restructuring and impairment charges	11	4
Operating income	163	146
Other expense (income), net	9	(1 )
Interest expense, net	62	68
Income before income taxes	92	79
Income tax expense (benefit)	(71 )	28
Net income	\$ 163	\$ 51
Net income per share:		
Basic	\$ 1.24	\$ 0.42
Diluted	1.20	0.40
Outstanding weighted-average shares:		
Basic	131.0	122.0
Diluted	136.0	127.8

Consolidated Statements of Comprehensive Income  
(Unaudited)  
(in millions of dollars)

	Quarterly Period Ended December	
	30, 2017	December 31, 2016
Net income	\$ 163	\$ 51
Currency translation	(24 )	(45 )
Pension and other postretirement benefits	(1 )	—
Interest rate hedges	17	17
Provision for income taxes	(4 )	(6 )
Other comprehensive loss, net of tax	(12 )	(34 )
Comprehensive income	\$ 151	\$ 17

See notes to consolidated financial statements.

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Berry Global Group, Inc.  
 Consolidated Balance Sheets  
 (in millions of dollars)

	December 30, 2017	September 30, 2017
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 228	\$ 306
Accounts receivable (less allowance of \$13)	780	847
Inventories:		
Finished goods	498	428
Raw materials and supplies	380	334
	878	762
Prepaid expenses and other current assets	95	89
Total current assets	1,981	2,004
Property, plant, and equipment, net	2,363	2,366
Goodwill and intangible assets, net	4,024	4,061
Other assets	52	45
Total assets	\$ 8,420	\$ 8,476
Liabilities		
Current liabilities:		
Accounts payable	\$ 666	\$ 638
Accrued expenses and other current liabilities	454	463
Current portion of long-term debt	34	33
Total current liabilities	1,154	1,134
Long-term debt, less current portion	5,502	5,608
Deferred income taxes	276	419
Other long-term liabilities	314	300
Total liabilities	7,246	7,461
Stockholders' equity		
Common stock (131.1 and 130.9 million shares issued, respectively)	1	1
Additional paid-in capital	831	823
Non-controlling interest	3	3
Retained earnings	419	256
Accumulated other comprehensive loss	(80 )	(68 )
Total stockholders' equity	1,174	1,015
Total liabilities and stockholders' equity	\$ 8,420	\$ 8,476

See notes to consolidated financial statements.

Berry Global Group, Inc.  
Consolidated Statements of Cash Flows  
(Unaudited)  
(in millions of dollars)

	Quarterly Period Ended December 30, December 2017 31, 2016	
Cash Flows from Operating Activities:		
Net income	\$163	\$ 51
Adjustments to reconcile net cash provided by operating activities:		
Depreciation		