BWAY CORP
Form 10-Q
May 16, 2001

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 April 1, 2001

Commission File Number 0-26178

BWAY Corporation
(Exact name of registrant as specified in its charter)

DELAWARE	36-3624491
(State of incorporation)	(IRS Employer Identification No.)

8607 Roberts Drive, Suite 250
Atlanta, Georgia 30350-2230
(Address of principal executive offices)

(770) 645-4800
(Registrant's telephone number)

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 X No____

There were 8,755,006 shares of Common Stock ($.01 par value) outstanding as of May 10, 2001.

BWAY CORPORATION
For the quarter ended April 1, 2001
QUARTERLY REPORT ON FORM 10-Q

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PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

BWAY CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	April 1, 2001 (Unaudited)	Octo 2
Assets		
Cash and equivalents	$ 577	$
Accounts receivable, net of allowance for doubtful accounts of $606 and $508	47,219	
Inventories, net	43,951	

Current income taxes receivable	1,121	
Deferred tax asset	12,739	
Assets held for sale	5,725	
Other	2,496	
Total current assets	113,828	1
Property and equipment, net	128,263	1
Other assets:		
Intangible assets, net	81,012	
Deferred financing fees, net	3,043	
Other	2,057	
Total other assets	86,112	
Total assets	$ 328,203	$ 3
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 56,347	$
Accrued salaries and wages	7,159	
Accrued rebates	4,262	
Other	11,996	
Total current liabilities	79,764	

Long-term debt r-right-width: 1; border-bottom-width: 1">1.Title of Security
(Instr. 3)
2. Transaction Date (Month/Day/Year)
2A. Deemed Execution Date, if any (Month/Day/Year)
3. Transaction Code
(Instr. 8)
4. Securities Acquired (A) or Disposed of (D)
(Instr. 3, 4 and 5)
5. Amount of Securities Beneficially Owned Following Reported Transaction(s)
(Instr. 3 and 4)
6. Ownership Form: Direct (D) or Indirect (I)
(Instr. 4)
7. Nature of Indirect Beneficial Ownership
(Instr. 4)

Code
V
Amount
(A) or (D)
Price

Common Stock

04/10/2012

S

100
(1)

D

$
22.29

635,910

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
22.3

635,810

I

By Trust
(2)

Common Stock

04/10/2012

S

100 (1)

D

$ 22.31

635,710

I

By Trust (2)

Common Stock

04/10/2012

S

100 (1)

D

$ 22.32

635,610

I

By Trust (2)

Common Stock

04/10/2012

S

200
(1)

D

$
22.34

635,410

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
22.35

635,310

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
22.36

635,210

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
22.37

635,110

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
22.38

635,010

I

By Trust
(2)

Common Stock

04/10/2012

S

300
(1)

D

$
22.4

634,710

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
22.42

634,610

I

By Trust
(2)

Common Stock

04/10/2012

S

400
(1)

D

$
22.47

634,210

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
22.48

634,110

I

By Trust
(2)

Common Stock

04/10/2012

S

100 (1)

D

$ 22.5

634,010

I

By Trust (2)

Common Stock

04/10/2012

S

100 (1)

D

$ 22.51

633,910

I

By Trust (2)

Common Stock

04/10/2012

S

400
[(1)]

D

$
22.52

633,510

I

By Trust
[(2)]

Common Stock

04/10/2012

S

200
[(1)]

D

$
22.53

633,310

I

By Trust [(2)]

Common Stock

04/10/2012

S

200 [(1)]

D

$ 22.55

633,110

I

By Trust [(2)]

Common Stock

04/10/2012

S

270 [(1)]

D

$ 22.56

632,840

I

By Trust (2)

Common Stock

04/10/2012

S

255 (1)

D

$ 22.59

632,585

I

By Trust (2)

Common Stock

04/10/2012

S

100

[1]

D

$

22.6

632,485

I

By Trust
[2]

Common Stock

04/10/2012

S

100
[1]

D

$

22.65

632,385

I

By Trust
[2]

Common Stock

04/10/2012

S

100 (1)

D

$ 22.67

632,285

I

By Trust (2)

Common Stock

04/10/2012

S

100 (1)

D

$ 22.85

632,185

I

By Trust (2)

Common Stock

04/10/2012

S

100 (1)

D

$ 22.855

632,085

I

By Trust (2)

Common Stock

04/10/2012

S

100 (1)

D

$ 22.86

631,985

I

By Trust [2]

Common Stock

04/10/2012

S

100 [1]

D

$ 22.87

631,885

I

By Trust [2]

Common Stock

04/10/2012

S

200 [1]

D

$ 22.89

631,685

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
22.9

631,585

I

By Trust
(2)

Common Stock

04/10/2012

S

100
(1)

D

$
23.06

631,485

I

By Trust
(2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HULL CHARLES W 333 THREE D SYSTEMS CIRCLE ROCK HILL, SC 29730	X		EVP, Chief Technology Officer	

Signatures

/s/Robert M. Grace, Jr., Attorney-in-Fact	04/12/2012
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Automatic disposition of shares pursuant to Rule 10b5-1 Sales Plan.

(2) By the Charles William Hull and Charlene Antoinette Hull 1992 Revocable Living Trust for which the Reporting Person serves as trustee.

Remarks:

Due to SEC limitations only 30 transactions can be submitted at one time; therefore, this is Form 1 of 2.

in the first six months of fiscal 2001 from $2.7 million in the first six months of fiscal 2000. The increase is due to an increase in the Company's pre-tax loss offset by a reduced effective tax rate. Basic and diluted loss per common share increased $0.06 to $0.20 for the second quarter of fiscal 2001 from $0.14 for the second quarter of 2000. The weighted-average diluted common shares outstanding were 9.1 million and 9.3 million for the respective quarters. Basic and diluted loss per common share increased $0.15 to $0.40 for the first six months of fiscal 2001 from $0.25 for the first six months of fiscal 2000. The weighted-average diluted common shares outstanding were 9.1 million and 9.3 million for the respective six-month periods. 9 Liquidity and Capital Resources The Company's cash requirements for operations and capital expenditures during the first six months of fiscal 2001 were primarily financed through internally generated cash flows and borrowings under the Company's Credit Agreement. At April 1, 2001, the Company had a borrowing limit under its Credit Agreement of $125 million. Interest rates under the Credit Agreement are either prime (as determined by Bank of America) plus an applicable rate margin or at LIBOR plus an applicable rate margin at the option of the Company. Rate margins are reset quarterly based on financial performance during the preceding four quarters. At April 1, 2001, the prime rate margin was 1.000% and the LIBOR rate margin was 2.000%. At April 1, 2001, the Company was not in compliance with certain restrictive covenants (Interest Coverage Ratio) under the Credit Agreement. The Company received from its lenders a temporary waiver valid through June 15, 2001, for this noncompliance under the credit agreement for the quarter ended April 1, 2000. As of April 1, 2001, the Company had borrowed $41.1 million of the $125 million borrowing limit. However, the Credit Agreement covenants limit borrowings to a maximum leverage ratio based on the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) and total debt. As of April 1, 2001, this covenant effectively limited the Company's available borrowings to a total of $48.1 million. On April 19, 2001, the Company received a commitment from Bankers Trust Company (an affiliate of Deutsche Bank) to underwrite a new four-year, $90 million secured credit facility. The Company expects to use initial borrowings under the new credit facility to repay obligations under the Company's Credit Agreement, which will be terminated. The Company and Bankers Trust Company expect to close the new agreement in May 2001. The new agreement would replace the Company's current $125 million credit agreement which would be classified as a current liability in June 2001 and expires June 2002. The Company does not expect to experience any significant change in total financing cost under the new agreement. Interest rates under the new credit facility are not expected to be materially different from those under the Credit Agreement. Net cash used in operating activities during the first six months of fiscal 2001 was $0.9 million compared to $4.0 million used during the first six months of fiscal 2000. During the first six months of fiscal 2001, cash from operating activities was primarily provided by net income (loss) before depreciation and amortization and by reductions in inventories. Cash was primarily used to reduce accounts payable and accrued liabilities. During the first six months of fiscal 2000, cash from operating activities was primarily provided by net income (loss) before depreciation, amortization and restructuring and by reductions in accounts receivable and other assets. Cash was primarily used to increase inventories and reduce accounts payable and accrued liabilities. Net cash used in investing activities during the first six months of fiscal 2001 decreased $3.3 million to $3.6 million from $6.9 million for the first six months of fiscal 2000. Net cash used in investing activities was primarily used for capital expenditures during the first six months of each fiscal year. Lower capital expenditures in the first six months of fiscal 2001 are a result of management's intent to closely control capital expenditures and focus free cash flow primarily on debt reduction. Net cash provided by financing activities was $4.1 million during the first six months of fiscal 2001 compared to $10.4 million during the first six months of fiscal 2000. Net borrowings under the Company's credit agreement increased $4.1 million to $14.9 million for the first six months of fiscal 2001 compared to $10.8 million for the first six months of fiscal 2000. Cash used in financing activities for the first six months of fiscal 2001 was used to decrease unpresented bank drafts and to purchase treasury stock. At April 1, 2001, the Company was restricted in its ability to pay dividends and make other restricted payments in an amount greater than approximately $1.6 million. The Company's subsidiaries are restricted in their ability to transfer funds to the Company, except for funds to be used to effect approved acquisitions, pay dividends in specified amounts, reimburse the Company for operating and other expenditures made on behalf of the subsidiaries and repay permitted intercompany indebtedness. Management believes that cash provided from operations and borrowings available under its credit facility will provide it with sufficient liquidity to meet its operating and capital expenditure needs in the next 12 months. Note: This document contains forward-looking statements as encouraged by the Private Securities Litigation Reform Act of 1995. All statements contained in this document, other than historical information, are forward-looking statements. These statements represent management's current judgment on what the future holds. A variety of factors could cause business conditions and the Company's actual results to differ materially from those expected by the Company or expressed in the Company's forward-looking statements. These factors include, without limitation, timing and costs of plant start-up and closure; the Company's ability to successfully integrate acquired businesses; labor unrest; changes in market price or market demand; changes in raw material costs or availability; loss of business from customers; unanticipated expenses; changes in financial markets; potential equipment malfunctions; and the other factors discussed in the Company's filings with the Securities and Exchange Commission. 10 Item 3. Quantitative and Qualitative Disclosures About Market Risk The Company's interest rates under its Credit Agreement are variable subject to market changes and applicable rate margins based on the Company's financial performance. At April 1, 2001, the Company had borrowings under the Credit Agreement of $41.1 million that were subject to interest rate risk. Each 100 basis point increase in interest rates would impact quarterly pretax earnings by $0.1 million based on the April 1, 2001 debt level. PART II--OTHER INFORMATION Item 1. Legal Proceedings Not applicable. Item 2. Changes in Securities and Use of Proceeds Not applicable. Item 3. Defaults upon Senior Securities Not applicable. Item 4. Submission of Matters to a Vote of Security Holders The Company held its Annual Meeting of Shareholders (the "Annual Meeting") on February 21, 2001. The matters considered were as follows: 1. The election of three directors to hold office for a term of three years; and 2. The ratification of the appointment of Deloitte & Touche LLP as the Company's independent public accountants for the fiscal year ending September 30, 2001 Holders of record of the Company's Common Stock at the close of business on January 5, 2001 were entitled to receive notice of and to vote on all matters presented at the Annual Meeting and at any adjournments or postponements thereof. The duly appointed Inspector of Election, pursuant to Section 231 of the Delaware General Corporation Law, certified that the following is an accurate report of the votes of the stockholders of the Company at the Annual Meeting: 1. The number of shares of Common Stock of the Company issued and outstanding and entitled to vote on matters submitted at the Annual Meeting to the holders of Common Stock was 9,154,118. 2. There were present at the Annual Meeting, in person or by proxy, holders of 8,878,268 shares of Common Stock, which is 97% of the total number of shares of Common Stock outstanding and entitled to vote at the Annual Meeting and which constituted a quorum for purposes of voting on each of the matters submitted to the stockholders for their vote. 3. Tabulated votes with respect to the election of directors were as follows: Warren J. Hayford received 8,152,332 votes, Alexander P. Dyer received 8,403,807 votes and Thomas A. Donahoe received 8,403,318 votes. 4. Each of Warren J. Hayford, Alexander P. Dyer and Thomas A. Donahoe received a plurality of the votes cast by the holders of the Common Stock and it was certified to the Secretary of the Company that each of Warren J. Hayford, Alexander P. Dyer and Thomas A. Donahoe was duly elected as a director of the Company. 5. Tabulated votes with respect to the ratification of the appointment of Deloitte & Touche LLP as independent public accountants for the fiscal year ending September 30, 2001 were as follows: For 8,759,999, Against 97,956, Abstain 20,313. No other business came before the Annual Meeting that required the vote of shareholders of the Company's common stock. 11 Item 5. Other Information Not applicable. Item 6. Exhibits and Reports on Form 8-K See Index to Exhibits. There were no reports filed on Form 8-K during the quarter ended April 1, 2001. 12 SIGNATURE 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. BWAY Corporation (Registrant) Date: May 16, 2001 By: /s/ Kevin C. Kern ------------------------------------ Kevin C. Kern Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) Form 10-Q: For the quarterly period ended April 1, 2001 13 INDEX TO EXHIBITS --- Exhibit No. Description of Document ----------- --- None 14