

GREIF INC  
Form 10-Q  
March 06, 2009

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

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FORM 10-Q

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

For the quarterly period ended January 31, 2009

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 001-00566

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GREIF, INC.

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

31-4388903  
(I.R.S. Employer  
Identification No.)

425 Winter Road, Delaware, Ohio  
(Address of principal executive offices)

43015  
(Zip Code)

Registrant's telephone number, including area code (740) 549-6000

Not Applicable

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

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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 is a large accelerated filer, an accelerated filer, or 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

The number of shares outstanding of each of the issuer's classes of common stock at the close of business on January 31, 2009 was as follows:

Class A Common Stock	24,338,305 shares
Class B Common Stock	22,462,266 shares

## PART I. FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GREIF, INC. AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

(Dollars in thousands, except per share amounts)

	Three months ended January 31,	
	2009	2008
Net sales	\$ 666,260	\$ 846,292
Cost of products sold	565,705	697,968
Gross profit	100,555	148,324
Selling, general and administrative expenses	58,434	80,512
Restructuring charges	27,176	10,475
Timberland disposals, net	-	90
Gain on disposal of properties, plants and equipment, net	2,317	36,774
Operating profit	17,262	94,201
Interest expense, net	12,199	11,756
Other income (expense), net	(1,787)	(3,330)
Income before income tax expense and equity in earnings (losses) of affiliates and minority interests	3,276	79,115
Income tax expense	966	18,690
Equity in earnings (losses) of affiliates and minority interests	(1,044)	262
Net income	\$ 1,266	\$ 60,687
Basic earnings per share:		
Class A Common Stock	\$ 0.03	\$ 1.05
Class B Common Stock	\$ 0.03	\$ 1.56
Diluted earnings per share:		
Class A Common Stock	\$ 0.03	\$ 1.03
Class B Common Stock	\$ 0.03	\$ 1.56

See accompanying Notes to Consolidated Financial Statements

GREIF, INC. AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)

ASSETS

	January 31, 2009 (Unaudited)	October 31, 2008
Current assets		
Cash and cash equivalents	\$ 55,776	\$ 77,627
Trade accounts receivable, less allowance of \$14,121 in 2009 and \$13,532 in 2008	315,928	392,537
Inventories	296,527	303,994
Deferred tax assets	28,617	33,206
Net assets held for sale	28,995	21,321
Prepaid expenses and other current assets	91,804	93,965
	817,647	922,650
Long-term assets		
Goodwill	523,862	512,973
Other intangible assets, net of amortization	101,312	104,424
Assets held by special purpose entities (Note 8)	50,891	50,891
Other long-term assets	105,226	88,563
	781,291	756,851
Properties, plants and equipment		
Timber properties, net of depletion	202,734	199,701
Land	117,584	119,679
Buildings	339,732	343,702
Machinery and equipment	1,065,664	1,046,347
Capital projects in progress	105,117	91,549
	1,830,831	1,800,978
Accumulated depreciation	(779,111)	(734,581)
	1,051,720	1,066,397
	\$ 2,650,658	\$ 2,745,898

See accompanying Notes to Consolidated Financial Statements

GREIF, INC. AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

	January 31, 2009 (Unaudited)	October 31, 2008
Current liabilities		
Accounts payable	\$ 250,915	\$ 384,648
Accrued payroll and employee benefits	39,350	91,498
Restructuring reserves	24,670	15,147
Short-term borrowings	114,037	44,281
Other current liabilities	100,050	136,227
	529,022	671,801
Long-term liabilities		
Long-term debt	735,774	673,171
Deferred tax liabilities	184,255	183,021
Pension liabilities	18,999	14,456
Postretirement benefit liabilities	24,560	25,138
Liabilities held by special purpose entities (Note 8)	43,250	43,250
Other long-term liabilities	101,420	75,521
	1,108,258	1,014,557
Minority interest	4,651	3,729
Shareholders' equity		
Common stock, without par value	93,892	86,446
Treasury stock, at cost	(115,577)	(112,931)
Retained earnings	1,134,650	1,155,116
Accumulated other comprehensive loss:		
- foreign currency translation	(68,602)	(39,693)
- interest rate derivatives	(2,118)	(1,802)
- energy and other derivatives	(5,354)	(4,299)
- minimum pension liabilities	(28,164)	(27,026)
	1,008,727	1,055,811
	\$ 2,650,658	\$ 2,745,898

See accompanying Notes to Consolidated Financial Statements

GREIF, INC. AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
(Dollars in thousands)

For the three months ended January 31,	2009	2008
Cash flows from operating activities:		
Net income	\$ 1,266	\$ 60,687
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation, depletion and amortization	25,289	25,863
Asset impairments	4,879	5,573
Deferred income taxes	5,823	(77,018)
Gain on disposals of properties, plants and equipment, net	(2,317)	(36,774)
Timberland disposals, net	-	(90)
Equity in earnings (losses) of affiliates and minority interests	1,044	(262)
Increase (decrease) in cash from changes in certain assets and liabilities:		
Trade accounts receivable	69,886	(20,372)
Inventories	1,414	(12,416)
Prepaid expenses and other current assets	(350)	(26,657)
Other long-term assets	(45,559)	20,048
Accounts payable	(115,131)	(7,889)
Accrued payroll and employee benefits	(52,081)	(26,912)
Restructuring reserves	9,523	(1,301)
Other current liabilities	(37,819)	(9,351)
Pension and postretirement benefit liabilities	3,965	3,217
Other long-term liabilities	25,899	92
Other	(12,083)	18,565
Net cash used in operating activities	(116,352)	(84,997)
Cash flows from investing activities:		
Acquisitions of companies, net of cash acquired	(2,811)	(69,400)
Purchases of properties, plants and equipment	(26,840)	(29,507)
Purchases of timber properties	(400)	(500)
Proceeds from the sale of properties, plants, equipment and other assets	2,271	36,745
Purchases of land rights and other	-	(631)
Net cash used in investing activities	(27,780)	(63,293)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	566,400	376,632
Payments on long-term debt	(503,954)	(288,653)
Proceeds from short-term borrowings	87,189	57,808
Dividends paid	(21,732)	(16,064)
Acquisitions of treasury stock and other	(3,145)	(148)
Exercise of stock options	186	1,731
Net cash provided by financing activities	124,944	131,306
Effects of exchange rates on cash	(2,663)	723
Net decrease in cash and cash equivalents	(21,851)	