FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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WEST CO INC
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SIC: **3060** Fabricated rubber products, nec

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This report contains 17 pages
(including cover page)

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 September 30, 1996

Commission File Number 1-8036

THE WEST COMPANY, INCORPORATED

(Exact name of registrant as specified in its charter)

Pennsylvania	23-1210010
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
101 Gordon Drive, PO Box 645, Lionville, PA	19341-0645
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 610-594-2900

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 twelve months, and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

September 30, 1996 - 16,333,885

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Index

Form 10-Q for the
Quarter Ended September 30, 1996

Item 1. Financial Statements
The West Company, Incorporated and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in thousands, except per share data)
<TABLE>
<CAPTION>

	Three Months Ended				Nine Months Ended			
	Sept. 30, 1996		Sept. 30, 1995		Sept. 30, 1996		Sept. 30, 1995	
<S>	<C>		<C>		<C>		<C>	
Net sales	$111,300	100%	$101,100	100%	$344,200	100%	$305,300	100%
Cost of goods sold	81,700	74	76,400	76	251,400	73	216,200	71
Gross profit	29,600	26	24,700	24	92,800	27	89,100	29
Selling, general and administrative expenses	18,100	16	16,600	16	55,300	16	51,900	17
Restructuring charge	-	-	-	-	21,500	6	-	-
Other income, net	(200)	-	-	-	(400)	-	(1,300)	(1)
Operating profit	11,700	10	8,100	8	16,400	5	38,500	13
Interest expense	2,000	2	2,100	2	5,400	2	5,500	2
Income before income taxes and minority interests	9,700	8	6,000	6	11,000	3	33,000	11
Provision for income taxes	3,700	3	2,500	3	5,900	2	12,300	4
Minority interests	-	-	200	-	100	-	700	-

Income from consolidated operations	6,000	5%	3,300	3%	5,000	1%	20,000	7%
Equity in net income of affiliated companies	600		600		1,500		800	
Net income	$ 6,600		$ 3,900		$ 6,500		$ 20,800	
Net income per share	$ .40		$ .24		$ .40		$ 1.26	
Average shares outstanding	16,275		16,586		16,434		16,536	

See accompanying notes to financial statements.
</TABLE>

The West Company, Incorporated and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
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ASSETS	Unaudited Sept. 30, 1996	Audited Dec. 31, 1995
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Current assets:		
Cash, including equivalents	$ 22,100	$ 17,400
Accounts receivable	68,700	67,900
Inventories	45,100	48,300
Other current assets	11,800	14,800
Total current assets	147,700	148,400
Net property, plant and equipment	211,200	229,300
Investments in affiliated companies	24,400	21,600
Intangibles and other assets	84,700	80,800
Total Assets	$468,000	$480,100
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 1,100	$ 1,500
Notes payable	11,800	8,300
Accounts payable	23,300	22,500
Salaries, wages, benefits	13,500	9,700
Restructuring	5,900	-
Income taxes payable	2,800	3,400
Other current liabilities	16,300	16,400
Total current liabilities	74,700	61,800
Long-term debt, excluding current portion	95,000	104,500
Deferred income taxes	28,900	34,300
Other long-term liabilities	25,300	25,200
Minority interests	300	200
Shareholders' equity	243,800	254,100
Total Liabilities and Shareholders' Equity	$468,000	$480,100

See accompanying notes to financial statements.
</TABLE>

The West Company Incorporated and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
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	Unaudited Nine Months Ended Sept.30, 1996	Unaudited Nine Months Ended Sept. 30, 1995
<S>	<C>	<C>
Cash flows from operating activities:		
Net income, plus net non-cash items	$ 45,500	$ 43,700
Changes in assets and liabilities	1,200	(10,700)
Net cash provided by operating activities	46,700	33,000
Cash flows from investing activities:		
Property, plant and equipment acquired	(24,600)	(24,900)
Proceeds from sale of assets	1,200	400
Payment for acquisitions, net of cash acquired	(1,900)	(62,300)
Customer advance	(200)	(7,000)
Net cash used in investing activities	(25,500)	(93,800)
Cash flows from financing activities:		
New long-term debt	20,000	69,400
Repayment of long-term debt	(25,900)	(20,400)
Notes payable, net	3,500	4,700
Dividend payments	(6,400)	(5,900)
(Purchase) sale of common stock, net	(7,500)	2,400
Net cash (used in) provided by financing activities	(16,300)	50,200
Effect of exchange rates on cash	(200)	700
Net increase (decrease) in cash, including equivalents	$ 4,700	$ (9,900)

See accompanying notes to financial statements.
</TABLE>

The West Company, Incorporated and Subsidiaries
Notes to Consolidated Financial Statements

Interim results are based on the Company's accounts without audit. The interim consolidated financial statements for the period ended September 30, 1996 should be read in conjunction with the consolidated financial statements and notes thereto of The West Company, Incorporated appearing in the Company's 1995 Annual Report on Form 10-K.

1. On January 1, 1996 the Company adopted Statement of Financial Accounting Standards No. 121, Accounting for Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of. This statement requires that long-lived assets and certain intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As of January 1, 1996, no material impact resulted from the adoption of this accounting standard.

2. Interim Period Accounting Policy

In the opinion of management, the unaudited Condensed Consolidated Balance Sheet as of September 30, 1996 and the related unaudited Consolidated Statements of Income for the three and nine months then ended and the unaudited Condensed Consolidated Statement of Cash Flows for the nine months then ended and for the comparative periods in 1995 contain all adjustments, consisting only of normal recurring accruals, necessary to present fairly the financial position as of September 30, 1996 and the results of operations and cash flows for the respective periods. The results of operations for any interim period are not necessarily indicative of results for the full year.

Operating Expenses

To better relate costs to benefits received or activity in an interim period, certain operating expenses have been annualized for interim reporting purposes. Such expenses include depreciation due to use of the half year convention, certain employee benefit costs, annual quantity discounts, and advertising.

Income Taxes

The tax rate used for interim periods is the estimated annual effective consolidated tax rate, based on current estimates of full year results, except that taxes applicable to operating results in Brazil and the restructuring charge accrued in the first quarter of 1996 are recorded on a basis discrete to the period, and prior year adjustments, if any, are recorded as identified.

3. Inventories at September 30, 1996 and December 31, 1995 are summarized as follows:

(in thousands)	1996	Audited 1995
Finished goods	$ 20,800	$ 20,400
Work in process	8,700	10,300
Raw materials and supplies	15,600	17,600
	$ 45,100	$ 48,300

4. The carrying value of property, plant and equipment is determined as follows:

(in thousands)	1996	Audited 1995
Property, plant and equipment	$ 434,900	$ 440,100
Less accumulated depreciation	223,700	210,800
Net property, plant and equipment	$ 211,200	$ 229,300

5. On May 9, 1996 the Company purchased, in accordance with an agreement approved by a majority of non-interested member of the Board of Directors, 440,000 shares of its common stock

owned by a director who retired from the Board of Directors. The aggregate purchase price was $10.0 million.

Common stock issued at September 30, 1996 was 16,844,735 shares, of which 510,850 shares were held in treasury. Dividends of $.13 per common share were paid in the third quarter of 1996 and a dividend of $.14 per share payable to holders of record on October 23, 1996 was declared on August 6, 1996.

6. The Company has accrued the estimated cost of environmental compliance expenses related to soil or ground water contamination at current and former manufacturing facilities. The ultimate cost to be incurred by the Company and the timing of such payments cannot be fully determined. However, based on consultants' estimates of the costs of remediation in accordance with applicable regulatory requirements, the Company believes the accrued liability of $1.2 million at September 30, 1996 is sufficient to cover the future costs of

these remedial actions, which will be carried out over the next two to three years. The Company has not anticipated any possible recovery from insurance or other sources.

7. On March 29, 1996, the Company approved a major restructuring plan which includes the closing or substantial downsizing of six manufacturing facilities, disposition of related excess equipment and properties and an approximate 5% reduction of the workforce. The total estimated charge related to these planned actions is $15 million, net of $6.5 million of income tax benefits, and was accrued in the first quarter of 1996. Approximately one-third of the net charge relates to reduction in personnel, including manufacturing and staff positions, and covers severance pay and other benefits to be provided to terminated employees. At September 30, 1996, 163 employees have been terminated and total payout of severance and benefits was $4.6 million. The remaining accrued net charge relates to facility close down costs and to the reduction to estimated net realizable value of the carrying value of equipment and facilities made excess by the restructuring plan. Machinery manufacturing operations were sold effective August 30, 1996. The remaining restructuring activities will be substantially complete by the end of the first quarter of 1997.

8. The Company uses interest rate swaps to minimize the economic exposure related to fluctuating interest rates. Amounts to be paid or received under interest rate swaps are accrued as interest expense. As of September 30, 1996, the Company has entered into three interest rate swaps, with notional value of $3 million each, to fix the interest rates, ranging from 6.51% to 6.775% for a five year period.

9. On March 30, 1992, OCAP Acquisition Corp. ("OCAP") commenced an action in the Supreme Court of the State of New York, County of New York, against Paco Pharmaceutical Services, Inc. ("Paco"), certain of its subsidiaries and R. P. Scherer Corporation ("Scherer"), Paco's former parent company, (collectively, the "defendants"), arising out of the termination of an

Asset Purchase Agreement dated February 21, 1992 (the "Purchase Agreement") between OCAP and the defendants

providing for the purchase of substantially all the assets of Paco. On May 15, 1992, OCAP served an amended verified complaint (the "Amended Complaint"), asserting causes of action for breach of contract and breach of the implied covenant of good faith and fair dealing, arising out of defendants' March 25, 1992 termination of the Purchase Agreement, as well as two additional causes of action that were subsequently dismissed by order of the court. The Amended Complaint sought $75 million in actual damages, $100 million in punitive damages, as well as OCAP's attorney fees and other litigation expenses, costs and disbursements incurred in bringing this action. Scherer asserted a counterclaim against OCAP for breach of contract and breach of the covenant of good faith and fair dealing arising out of the termination of the Purchase Agreement. This matter went to trial in late March, 1996, and on April 10, 1996, at the close of trial, the court dismissed all of the plaintiffs' claims and all of defendants' counterclaims, with each side to bear its own costs. Plaintiffs have filed a notice of appeal, and the defendants have filed a cross-appeal. In the opinion of management, the ultimate outcome of this litigation will not have a material adverse effect on the Company's business or financial condition.

Scherer has agreed to indemnify Paco against any liabilities (including fees and expenses incurred after March 31, 1992) it may have as a result of this litigation matter.

10. On September 3, 1996 the Company acquired an additional 10% ownership interest in DanBioSyst UK Ltd.(DBS), a company specializing in noninvasive drug delivery methods. Total consideration for the acquisition was $0.5 million in common stock and $1.4 million in cash. This purchase increases the Company's total ownership interest in DBS to 30%.

Item 2.
Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations for the Quarter and Nine Months Ended September 30, 1996 Versus September 30, 1995

Net Sales

Net sales for the third quarter 1996 were $111.3 million, a $10.2 million, or 10%, increase compared with the same quarter in 1995. The sales increase reflects volume growth for healthcare products and services in Europe and other international markets and a combination of higher prices and volume increases in United States markets. Also, sales of Paco's services increased when compared with the same quarter in 1995. Sales of the Company's Spout-Pak closure system for gable carton juice containers decreased, and demand was lower for other products sold in U.S. consumer products markets. A stronger U.S. dollar had the effect of decreasing sales by $1.1 million.

Net sales for the nine months were $344.2 million, a $38.9 million or 13%, increase compared with the same period in 1995. The inclusion of an additional four months of sales of Paco's services accounted for $21.9 million of the increase. Also, product sales to global healthcare markets as a result of increased demand and price increases, more than offset a stronger U.S. dollar and lower demand in consumer products markets.

Gross Profit

Gross profit of $29.6 million was 20% higher when compared with the same period in 1995. The gross profit margin for the quarter was 26.5% of net sales, 2.1 percentage points above the 24.4% margin achieved in the third quarter of 1995. The Company realized increased profits on healthcare product sales, due to a combination of volume growth especially in Europe, increased pricing, and the benefits from restructuring and other cost-savings activities being implemented. Lower margin service operations provided by Paco continue to offset, in part, the improvements mentioned above.

Gross profit for the nine months was $3.7 million, or 4%, higher when compared with the same period in 1995. Volume increases, primarily in Europe, higher prices and benefits derived from the cost savings programs increased gross profit on healthcare sales of products manufactured for the health care industry. However, the gross profit margin for the nine months was lower, 27.0% compared with 29.2% for the same

period in 1995. Paco's service operations generate a lower margin and are responsible for the consolidated margin decline.

Selling, General and Administrative

Selling, general and administrative (SG&A) is up $1.5 million compared with the third quarter 1995. However, SG&A is flat as a percentage of sales with the comparable 1995 period. Accrued expenses related to incentive bonus compensation, absent in 1995, were the primary reason for the increase. This increase was offset in part by savings related to headcount reductions, lower U.S. employee fringe costs and the translation impact of the U.S. dollar.

For the nine months, SG&A increased by $3.4 million, or 7%, compared with the same period in 1995. Accrued expenses for incentive bonus compensation, and an additional four months of Paco SG&A expenses were the primary reasons for the increase, offset, in part, by savings from headcount reductions, lower U.S. employee fringe costs and the translation impact of the U.S. dollar.

Restructuring Charge

The information contained in Note 7 to the Consolidated Financial Statements, which is incorporated herein by reference, describes the restructuring plan approved in the first quarter of 1996. The restructuring charge totalled $21.5 million and covers an estimated $8.4 million of severance and $13.1 million of losses on dispositions of assets.

Other (Income) Expenses, Net

Other income, net, increased by $0.2 million in the third quarter compared with the same period in 1995, primarily because of translation gains recorded in 1996 versus translation losses in 1995.

Other income, net, declined by $0.9 million for the nine months compared with the same period in 1995 because of lower foreign exchange losses, interest income and gains from sales of assets.

Interest Expense, Minority Interests, and Equity in Affiliates

Interest expense was about equal compared with comparable periods in 1995.

Minority interests are lower reflecting the buyout in 1995 of the remaining minority ownership in Schubert Seals A/S.

Affiliated companies earnings were flat for the quarter. For the nine months, equity in net income increased compared with the same period in 1995. The operating results of Daikyo Seiko, Ltd., a Japanese Company in which the Company holds a 25% ownership interest, improved significantly and the exchange losses related to West Mexico, in which the Company owns a 49% interest, were lower.

Taxes

The effective tax rate for 1996, excluding the restructuring charge and the related tax benefit on the restructuring charge, is 38.5%, unchanged from the first half of 1996. This is higher than the estimated annual effective rate of 37.3% for 1995 at the end of nine months. The effective annual tax rate for the year 1995 was 32.8%, which reflected a change in the tax accounting method for Puerto Rico and the recorded benefit of tax credits which were assured realization. Excluding the impact of these adjustments, the tax rate would have been approximately 36%. The higher 1996 estimated tax rate reflects a higher proportion of earnings being generated in higher tax jurisdictions.

Net Income

Net income for the third quarter 1996 was $6.6 million, or $.40 per share, compared with net income for the third quarter of 1995 of $3.9 million, or $.24 per share. The Company reported net income of $6.5 million for the nine month period compared with net income of $20.8 million for the comparable nine months in 1995. The total charge to income in the first quarter 1996 related to the restructuring plan was $15 million, or $.90 per share.

Financial Position

Working capital at September 30, 1996 was $73.0 million compared with $86.6 million at December 31, 1995. Working capital decreased because of the liabilities associated with the restructuring plan, a decrease in inventories, mainly related to the sale of the machinery manufacturing operations, and an increase in short-term debt. The working capital ratio at September 30, 1996 was 2 to 1. Cash flows from operations were

adequate to cover capital expenditures, fund an additional investment in DanBioSyst, pay dividends of $.39 per share, and meet other financing activities, including the acquisition of 440,000 shares of the Company's common stock (see note 5 to Financial Statements).

Total debt as a percentage of total invested capital was 30.7% at September 30, 1996, compared with 31.0% at December 31, 1995. At September 30, 1996, the Company had available unused lines of credit of $77.8 million. This available borrowing capacity and cash flow from operations is adequate, in the opinion of management, to cover estimated cash requirements, including severance costs related to the restructuring plan and capital expenditures.

Part II - Other Information

Item 1. Legal Proceedings.

The information contained in Note 9 to the Consolidated Financial Statements is incorporated herein by reference.

Item 6. Exhibits and Reports on Form 8-K

(a) See Index to Exhibits on pages F-1 and F-2 of this Report.

(b) No reports on Form 8-K have been filed for the quarter ended September 30, 1996.

SIGNATURES

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.

THE WEST COMPANY, INCORPORATED
(Registrant)

November 14, 1996	J. E. Dorsey
Date	(Signature)
	J. E. Dorsey Executive Vice President Chief Operating Officer
November 14, 1996	A. M. Papso
Date	(Signature)
	A. M. Papso Vice President and Corporate Controller (Chief Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number		Page Number
(3) (a)	Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit (4) to the Company's Registration Statement on Form S-8 (Registration No. 33-37825).	
(3) (b)	Bylaws of the Company, as amended and restated December 13, 1994, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-8036).	
(4) (a)	Form of stock certificate for common stock incorporated by reference to Exhibit (3) (b)	

to the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-8036).

(4) (b) Flip-In Rights Agreement between the Company and American Stock Transfer & Trust Company, as Rights Agent, dated as of January 16, 1990, incorporated by reference to Exhibit 1 to the Company's Form 8-A Registration Statement (File No. 1-8036).

(4) (c) Flip-Over Rights Agreement between the Company and American Stock Transfer & Trust Company, as Rights Agent, dated as of January 16, 1990, incorporated by reference to Exhibit 2 to the Company's Form 8-A Registration Statement (File No. 1-8036).

(10) (a) Amendments to the Long Term Incentive Plan, effective April 30, 1996, incorporated herein by reference to the Company's Form 10Q for the quarter ended June 30, 1996, and effective Octofber 15, 1996.

(10) (b) Amendments to the Non-Qualified Stock Option Plan for Non-Employee Directors, effective April 30, 1996, incorporated herein by reference to the Company's Form 10Q for the quarter ended June 30, 1996.

(10) (c) Severance and Non-Compete Agreement, dated July 8, 1996, between Lawrence P. Higgins and the Company, incorporated herein by reference to the Company's Form 10Q for the quarter ended June 30, 1996.

(11) Not Applicable.

(15) None.

(18) None.

Exhibit Number		Page Number
(19)	None.	
(22)	None.	
(23)	None.	
(24)	None.	
(27)	Financial Data Schedules.	
(99)	Subsidiaries of the Company.	

Exhibit (10)(a)

AMENDMENTS TO THE WEST COMPANY, INCORPORATED'S
LONG TERM INCENTIVE PLAN
EFFECTIVE OCTOBER 15, 1996

1. Section 7(b) of the Long-Term Incentive Plan (LTIP) shall be amended to read in its entirety as follows:

"(b) Each Stock option agreement shall state the period or periods of time, as may be determined by the Committee, within which the option may be exercised by the participant, in whole or in part, provided that the option may not be exercised later than ten years after the date of the grant of the option. The Committee shall have the power to permit in its discretion an acceleration of the previously determined exercise terms, subject to the terms of this Plan, under such circumstances and upon such terms and conditions as it deems appropriate."; and

2. Section 8(b)(i) of the LTIP shall be deleted in its entirety, and Sections 8(b)(ii) and (iii) shall be renumbered accordingly.

3. Sections 14(c) and (d) of the LTIP shall be deleted in their entirety.

4. Section 18 of the LTIP shall be amended to read in its entirety as follows:

"18. Amendment. The Board of Directors of the Company may amend the Plan at any time, except that without shareholder approval, the Board may not increase the maximum number of shares which may be issued under the Plan (other than increases pursuant to Paragraph 17 hereof), or change the class of eligible employees.

The termination or any modification or amendment of the Plan shall not, without the consent of a participant, affect a participant's rights under an award previously granted."

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