

TEXTAINER GROUP HOLDINGS LTD

Form 6-K

May 12, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO

RULE 13a-16 OR 15d-16 UNDER

THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

Commission File Number 001-33725

Textainer Group Holdings Limited

(Translation of Registrant's name into English)

Century House

16 Par-La-Ville Road

Hamilton HM 08

Bermuda

(441) 296-2500

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

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This report contains the quarterly report of Textainer Group Holdings Limited for the three months ended March 31, 2015.

1. Quarterly Report of Textainer Group Holdings Limited for the Three Months Ended March 31, 2015.

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Exhibit 1

TEXTAINER GROUP HOLDINGS LIMITED

Quarterly Report on Form 6-K for the Three Months Ended March 31, 2015

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS; CAUTIONARY LANGUAGE

This Quarterly Report on Form 6-K, including the section entitled Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, contains forward-looking statements within the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not statements of historical facts and may relate to, but are not limited to, expectations or estimates of future operating results or financial performance, capital expenditures, regulatory compliance, plans for growth and future operations, as well as assumptions relating to the foregoing. In some cases, you can identify forward-looking statements by terminology such as may, will, should, could, expect, plan, anticipate, believe, estimate, potential, continue or the negative of these terms or other similar terminology. The forward-looking statements contained in this Quarterly Report on Form 6-K include, but are not limited to, statements regarding (i) factors that are likely to continue to affect our performance and (ii) our belief that, assuming that our lenders remain solvent, that our cash flow from operations, proceeds from the sale of containers and borrowing availability under our debt facilities are sufficient to meet our liquidity needs, including for the payment of dividends, for the next twelve months.

Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy, and actual results may differ materially from those we anticipated due to a number of uncertainties, many of which cannot be foreseen. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including, among others, the risks we face that are described in the section entitled Item 3, *Key Information Risk Factors* included in our Annual Report on Form 20-F for the fiscal year ended December 31, 2014 filed with the U.S. Securities and Exchange Commission (the SEC) on March 13, 2015 (our 2014 Form 20-F).

We believe that it is important to communicate our expectations about the future to potential investors, shareholders and other readers. However, there may be events in the future that we are not able to accurately predict or control and that may cause actual events or results to differ materially from the expectations expressed in or implied by our forward-looking statements. The risk factors listed in Item 3, *Key Information Risk Factors* included in our 2014 Form 20-F, as well as any cautionary language in this Quarterly Report on Form 6-K, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you decide to buy, hold or sell our common shares, you should be aware that the occurrence of the events described in Item 3, *Key Information Risk Factors* included in our 2014 Form 20-F and elsewhere in this Quarterly Report on Form 6-K could negatively impact our business, cash flows, results of operations, financial condition and share price. Potential investors, shareholders and other readers are cautioned not to place undue reliance on our forward-looking statements.

Forward-looking statements regarding our present plans or expectations for fleet size, management contracts, container purchases, sources and availability of financing, and growth involve risks and uncertainties relative to return expectations and related allocation of resources, and changing economic or competitive conditions, as well as the negotiation of agreements with container investors, which could cause actual results to differ from present plans or expectations, and such differences could be material. Similarly, forward-looking statements regarding our present expectations for operating results and cash flow involve risks and uncertainties related to factors such as utilization rates, per diem rates, container prices, demand for containers by container shipping lines, supply and other factors discussed under Item 3, *Key Information Risk Factors* included in our 2014 Form 20-F or elsewhere in this Quarterly Report on Form 6-K, which could also cause actual results to differ from present plans. Such differences could be material.

All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and

uncertainties arise from time to time, and we cannot predict those events or how they may affect us. The forward-looking statements contained in this Quarterly Report on Form 6-K speak only as of, and are based on information available to us on, the date of the filing of this Quarterly Report on Form 6-K. We assume no obligation to, and do not plan to, update any forward-looking statements after the date of this Quarterly Report on Form 6-K as a result of new information, future events or developments, except as expressly required by U.S. federal securities laws. You should read this Quarterly Report on Form 6-K and the documents that we reference and have furnished as exhibits with the understanding that we cannot guarantee future results, levels of activity, performance or achievements and that actual results may differ materially from what we expect.

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In this Quarterly Report on Form 6-K, unless otherwise specified, all monetary amounts are in U.S. dollars. To the extent that any monetary amounts are not denominated in U.S. dollars, they have been translated into U.S. dollars in accordance with our accounting policies as described in Item 18, *Financial Statements* included in our 2014 Form 20-F.

Table of Contents**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Condensed Consolidated Statements of Comprehensive Income

Three Months Ended March 31, 2015 and 2014

(Unaudited)

(All currency expressed in United States dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Lease rental income	\$ 129,246	\$ 120,654
Management fees	4,017	4,401
Trading container sales proceeds	4,832	6,840
Gains on sale of containers, net	1,056	3,527
Total revenues	139,151	135,422
Operating expenses:		
Direct container expense	9,204	12,282
Cost of trading containers sold	4,692	7,075
Depreciation expense and container impairment	46,969	40,415
Amortization expense	1,167	953
General and administrative expense	7,220	6,699
Short-term incentive compensation expense	719	695
Long-term incentive compensation expense	1,671	1,558
Bad debt expense, net	1,426	1,405
Total operating expenses	73,068	71,082
Income from operations	66,083	64,340
Other (expense) income:		
Interest expense	(19,395)	(22,189)
Interest income	39	30
Realized losses on interest rate swaps, collars and caps, net	(2,866)	(2,022)
Unrealized (losses) gains on interest rate swaps, collars and caps, net	(6,001)	516
Other, net		(7)
Net other expense	(28,223)	(23,672)

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Income before income tax and noncontrolling interests	37,860	40,668
Income tax (expense) benefit	(1,484)	20,305
Net income	36,376	60,973
Less: Net income attributable to the noncontrolling interests	(1,071)	(1,324)
Net income attributable to Textainer Group Holdings Limited common shareholders	\$ 35,305	\$ 59,649
Net income attributable to Textainer Group Holdings Limited common shareholders per share:		
Basic	\$ 0.62	\$ 1.05
Diluted	\$ 0.62	\$ 1.05
Weighted average shares outstanding (in thousands):		
Basic	56,980	56,648
Diluted	57,173	57,030
Other comprehensive income:		
Foreign currency translation adjustments	(115)	31
Comprehensive income	36,261	61,004
Comprehensive income attributable to the noncontrolling interests	(1,071)	(1,324)
Comprehensive income attributable to Textainer Group Holdings Limited common shareholders	\$ 35,190	\$ 59,680

See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Balance Sheets

March 31, 2015 and December 31, 2014

(Unaudited)

(All currency expressed in United States dollars in thousands)

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 100,830	\$ 107,067
Accounts receivable, net of allowance for doubtful accounts of \$13,515 and \$12,139 at 2015 and 2014, respectively	92,678	91,866
Net investment in direct financing and sales-type leases	90,916	89,003
Trading containers	5,693	6,673
Containers held for sale	26,192	25,213
Prepaid expenses and other current assets	17,667	17,593
Deferred taxes	2,088	2,100
Total current assets	336,064	339,515
Restricted cash	50,777	60,310
Containers, net of accumulated depreciation of \$706,827 and \$685,667 at 2015 and 2014, respectively	3,739,825	3,629,882
Net investment in direct financing and sales-type leases	280,247	280,002
Fixed assets, net of accumulated depreciation of \$9,281 and \$9,139 at 2015 and 2014, respectively	1,333	1,385
Intangible assets, net of accumulated amortization of \$32,135 and \$30,968 at 2015 and 2014, respectively	23,823	24,991
Interest rate swaps, collars and caps	38	1,568
Other assets	21,315	21,324
Total assets	\$ 4,453,422	\$ 4,358,977
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 6,870	\$ 5,652
Accrued expenses	8,146	11,935
Container contracts payable	84,596	63,323
Other liabilities	311	317
Due to owners, net	9,356	11,003
Term loan	31,600	31,600
Bonds payable	59,966	59,959

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Total current liabilities	200,845	183,789
Revolving credit facilities	910,238	944,790
Secured debt facilities	1,135,600	1,017,100
Term loan	434,200	444,100
Bonds payable	483,433	498,428
Interest rate swaps, collars and caps	6,690	2,219
Income tax payable	7,293	7,696
Deferred taxes	6,733	5,675
Other liabilities	2,742	2,815
Total liabilities	3,187,774	3,106,612
Equity:		
Textainer Group Holdings Limited shareholders' equity:		
Common shares, \$0.01 par value. Authorized 140,000,000 shares; issued and outstanding 56,983,324 and 56,863,094 at 2015 and 2014, respectively	565	565
Additional paid-in capital	380,267	378,316
Accumulated other comprehensive income	(158)	(43)
Retained earnings	822,231	813,707
Total Textainer Group Holdings Limited shareholders' equity	1,202,905	1,192,545
Noncontrolling interests	62,743	59,820
Total equity	1,265,648	1,252,365
Total liabilities and equity	\$ 4,453,422	\$ 4,358,977

See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Statements of Cash Flows

Three Months Ended March 31, 2015 and 2014

(Unaudited)

(All currency expressed in United States dollars in thousands)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 36,376	\$ 60,973
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense and container impairment	46,969	40,415
Bad debt expense, net	1,426	1,405
Unrealized losses (gains) on interest rate swaps, collars and caps, net	6,001	(516)
Amortization of debt issuance costs and accretion of bond discount	2,226	2,951
Amortization of intangible assets	1,167	953
Gains on sale of containers, net	(1,056)	(3,527)
Share-based compensation expense	1,806	1,826
Changes in operating assets and liabilities	(5,942)	(26,905)
Total adjustments	52,597	16,602
Net cash provided by operating activities	88,973	77,575
Cash flows from investing activities:		
Purchase of containers and fixed assets	(189,531)	(180,412)
Proceeds from sale of containers and fixed assets	29,110	31,180
Receipt of payments on direct financing and sales-type leases, net of income earned	22,753	16,218
Net cash used in investing activities	(137,668)	(133,014)
Cash flows from financing activities:		
Proceeds from revolving credit facilities	76,411	68,840
Principal payments on revolving credit facilities	(110,963)	(58,582)
Proceeds from secured debt facilities	120,000	90,000
Principal payments on secured debt facilities	(1,500)	(18,000)
Principal payments on term loan	(9,900)	
Principal payments on bonds payable	(15,058)	(40,398)
Decrease in restricted cash	9,533	6,545
Debt issuance costs	(1,166)	

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Issuance of common shares upon exercise of share options	62	601
Excess tax benefit from share-based compensation awards	83	1,070
Capital contributions from noncontrolling interests	1,851	2,250
Dividends paid	(26,780)	(26,626)
Net cash provided by financing activities	42,573	25,700
Effect of exchange rate changes	(115)	31
Net decrease in cash and cash equivalents	(6,237)	(29,708)
Cash and cash equivalents, beginning of the year	107,067	120,223
Cash and cash equivalents, end of period	\$ 100,830	\$ 90,515

See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Statements of Cash Flows

Three Months Ended March 31, 2015 and 2014

(Unaudited)

(All currency expressed in United States dollars in thousands)

	Three Months Ended March 31, 2015 2014	
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest expense and realized losses on interest rate swaps and caps, net	\$ 20,003	\$ 22,322
Net income taxes paid	\$ 21	\$ 666
Supplemental disclosures of noncash investing activities:		
Increase in accrued container purchases	\$ 21,273	\$ 33,884
Containers placed in direct financing and sales-type leases	\$ 24,812	\$ 37,835
Intangible assets relinquished for container purchases	\$	\$ 57

See accompanying notes to condensed consolidated financial statements.

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TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, 2015 and 2014

(Unaudited)

(All currency expressed in United States dollars in thousands)

(1) Nature of Business

Textainer Group Holdings Limited (TGH) is incorporated in Bermuda. TGH is the holding company of a group of corporations, consisting of TGH and its subsidiaries (collectively, the Company), involved in the purchase, management, leasing and resale of a fleet of marine cargo containers. The Company manages and provides administrative support to the affiliated and unaffiliated owners (the Owners) of the containers and structures and manages container leasing investment programs.

The Company conducts its business activities in three main areas: Container Ownership, Container Management and Container Resale (see Note 8 Segment Information).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting