

GREIF INC

FORM 10-Q (Quarterly Report)

Filed 3/13/1997 For Period Ending 1/31/1997

Address	425 WINTER ROAD DELAWARE, Ohio 43015
Telephone	740-549-6000
CIK	0000043920
Industry	Containers & Packaging
Sector	Basic Materials
Fiscal Year	10/31

U.S. 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 Quarter Ended January 31, 1997 Commission File Number 1-566

GREIF BROS. CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	31-4388903 (I.R.S. Employer Identification No.)
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621 Pennsylvania Avenue, Delaware, Ohio	43015
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(Address of principal executive offices)	(Zip Code)
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Registrant's telephone number, including area code 614-363-1271

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 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 .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report:

Class A Common Stock 10,873,172 shares Class B Common Stock 12,001,793 shares

PART I. FINANCIAL INFORMATION

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share amounts)

For the three months ended January 31,	1997	1996
Net sales	\$152,370	\$159,743
Other income:		
Interest and other	2,467	855
Gain on timber sales	1,539	1,891
	156,376	162,489
Costs and expenses (including depreciation of \$7,594 in 1997 and \$6,523 in 1996):		
Cost of products sold	131,329	127,434
Selling, general and administrative	17,212	17,285
Interest	750	244
	149,291	144,963
Income before income taxes	7,085	17,526
Taxes on income	2,600	6,700
Net income	\$ 4,485	\$ 10,826

Net income per share (based on the average number of shares outstanding during the period):

Based on the assumption that earnings were allocated to Class A and Class B Common Stock to the extent that dividends were actually paid for the year and the remainder were allocated as they would be received by shareholders in the event of liquidation, that is, equally to Class A and Class B shares, share and share alike:

Class A Common Stock	\$0.14	\$0.41
Class B Common Stock	\$0.25	\$0.52

Due to the special characteristics of the Company's two classes of stock (see Note 1), earnings per share can be calculated upon the basis of varying assumptions, none of which, in the opinion of management, would be free from the claim that it fails fully and accurately to represent the true interest of the shareholders of each class of stock and in the retained earnings.

See accompanying Notes to Consolidated Financial Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

ASSETS	January 31, 1997	October 31, 1996
CURRENT ASSETS		
Cash and cash equivalents	\$ 22,048	\$ 26,560
Canadian government securities	19,273	19,479
Trade accounts receivable--less allowance of \$836 for doubtful items (\$826 in 1996)	70,500	73,987
Inventories	50,148	49,290
Prepaid expenses and other	15,944	16,131
Total current assets	177,913	185,447
LONG TERM ASSETS		
Cash surrender value of life insurance	3,020	2,982
Goodwill--less amortization	12,198	4,617
Other long term assets	7,333	7,116
	22,551	14,715
PROPERTIES, PLANTS AND EQUIPMENT--at cost		
Timber properties--less depletion	6,159	6,112
Land	10,950	10,771

Buildings	127,631	125,132
Machinery, equipment, etc.	389,846	385,834
Construction in progress	44,471	33,450
Less accumulated depreciation	(256,147)	(249,123)
	322,910	312,176
	\$523,374	\$512,338

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 25,085	\$ 31,609
Current portion of long term obligations	16,357	2,455
Accrued payrolls and employee benefits	6,434	8,989
Accrued taxes--general	1,346	1,949
Taxes on income	5,244	5,678
Total current liabilities	54,466	50,680
LONG TERM OBLIGATIONS	32,153	22,748
OTHER LONG TERM LIABILITIES	14,505	15,406
DEFERRED INCOME TAXES	24,194	22,872
Total long term liabilities	70,852	61,026
SHAREHOLDERS' EQUITY (Note 1)		
Capital stock, without par value	9,034	9,034
Class A Common Stock:		
Authorized 32,000,000 shares;		
issued 21,140,960 shares;		
outstanding 10,873,172 shares		
Class B Common Stock:		
Authorized and issued 17,280,000 shares;		
outstanding 12,001,793 shares		
Treasury Stock, at cost	(41,867)	(41,867)
Class A Common Stock: 10,267,788 shares		
Class B Common Stock: 5,278,207 shares		
Retained earnings	434,347	436,672
Cumulative translation adjustment	(3,458)	(3,207)
	398,056	400,632
	\$523,374	\$512,338

See accompanying Notes to Consolidated Financial Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)		
For the three months ended January 31,	1997	1996
Cash flows from operating activities:		
Net income	\$ 4,485	\$10,826
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	7,986	6,523
Deferred income taxes	1,325	1,612
Increase (decrease) in cash from changes in certain assets and liabilities, net of effects from acquisitions:		
Trade accounts receivable	5,233	8,075
Inventories	(576)	5,820
Prepaid expenses and other	253	413
Other long term assets	(255)	221
Accounts payable	(6,621)	(13,926)
Accrued payrolls and employee benefits	(2,659)	(973)
Accrued taxes - general	(611)	(503)
Taxes on income	(451)	3,673
Other long term liabilities	(901)	368
Net cash provided by operating activities	7,208	22,129
Cash flows from investing activities:		

Acquisitions of companies, net of cash acquired	134	-0-
Disposals (purchases) of investments in government securities	206	724
Purchases of properties, plants and equipment	(15,354)	(12,375)
Net cash used by investing activities	(15,014)	(11,651)
Cash flows from financing activities:		
Proceeds (payments) on long term debt	10,307	(71)
Dividends paid	(6,810)	(6,810)
Net cash used by financing activities	3,497	(6,881)
Foreign currency translation adjustment	(203)	(788)
Net (decrease) increase in cash and cash equivalents	(4,512)	2,809
Cash and cash equivalents at beginning of period	26,560	31,612
Cash and cash equivalents at end of period	\$22,048	\$34,421

See accompanying Notes to Consolidated Financial Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 1997

NOTE 1 - CAPITAL STOCK AND RETAINED EARNINGS

Class A Common Stock is entitled to cumulative dividends of 1 cent a share per year after which Class B Common Stock is entitled to non-cumulative dividends up to 1/2 cent a share per year. Further distribution in any year must be made in proportion of 1 cent a share for Class A Common Stock to 1-1/2 cents a share for Class B Common Stock. The Class A Common Stock shall have no voting power nor shall it be entitled to notice of meetings of the stockholders, all rights to vote and all voting power being vested exclusively in the Class B Common Stock unless four quarterly cumulative dividends upon the Class A Common Stock are in arrears. There is no cumulative voting.

NOTE 2 - DIVIDENDS PER SHARE

The following dividends per share were paid during the period indicated:

	Three Months Ended January 31,	
	1997	1996
Class A Common Stock	\$.24	\$.24
Class B Common Stock	\$.35	\$.35

NOTE 3 - CALCULATION OF NET INCOME PER SHARE

Net income per share was calculated using the following number of shares for the period presented:

Class A Common Stock - 10,873,172 shares Class B Common Stock - 12,001,793 shares

NOTE 4 - INVENTORIES

Inventories are comprised principally of raw materials and are stated at the lower of cost (principally on last-in, first-out basis) or market.

NOTE 5 - ACQUISITIONS

On November 8, 1996, the Company purchased the assets of Aero Box Company, a corrugated container company, located in Roseville, Michigan. This acquisition has been accounted for using the purchase method of accounting and, accordingly, the purchase price has been allocated to the assets purchased and liabilities assumed based upon the fair values at the date of acquisition. The excess of the purchase price over the fair values of the net assets acquired has been recorded as goodwill. The Consolidated Financial Statements include the operating results of the business from the date of acquisition. Pro forma results of operations have not been presented because the effect of this acquisition was not significant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Historically, revenues or earnings may or may not be representative of future operations because of various economic factors. The following comparative information is presented for the 3-month periods ended January 31, 1997 and January 31, 1996.

Net sales decreased 5% during the current quarter compared to the previous period. This decrease was primarily the result of lower sales in the containerboard segment, which was significantly affected by lower sales prices of its products. The lower prices were caused by the continued weakness in the containerboard market resulting from excess capacity of containerboard. The net sales of the shipping containers segment remained about the same in comparison to the prior year's quarter.

The increase in other income was primarily due to a gain on the sale of an office building.

The cost of products sold as a percentage of sales increased slightly as compared to the prior year. This increase is primarily the result of lower net sales of the containerboard segment without a corresponding reduction, except for raw materials, in the cost of products sold.

Liquidity and Capital Resources

As indicated in the Consolidated Balance Sheet, elsewhere in this report and discussed in greater detail in the 1996 Annual Report to Shareholders, the Company is dedicated to maintaining a strong financial position. It is our belief that this dedication is extremely important during all economic times.

As discussed in the 1996 Annual Report, the Company is subject to the economic conditions of the market in which it operates. During this period, the Company has been able to utilize its developed financial position to meet its continued business needs.

The current ratio of 3.3:1 as of January 31, 1997 is an indication of the continuation of the Company's strong liquidity.

The increase in long term obligations since year-end is due to the debt incurred in connection with the purchase of Aero Box Company, financing to fund improvements related to machinery and equipment for Greif Board Corporation, a subsidiary of the Company, and other capital expenditures.

Capital expenditures were \$15,354,000 during the three months ended January 31, 1997. These capital expenditures were principally needed to replace and improve equipment.

Effective November 8, 1996, the Company acquired the assets of Aero Box Company, a manufacturer of corrugated boxes, located in Roseville, Michigan.

The Company has approved future purchases, primarily for equipment, of approximately \$20 million. It is anticipated that self-financing and bank borrowing will be the primary source for financing such capital expenditures.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material pending legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a.)The Company held its Annual Meeting of Stockholders on February 24, 1997.

(b.)At the Annual Meeting of Stockholders, the following nominees were elected to the Board of Directors:

Charles R. Chandler
Michael H. Dempsey
Naomi C. Dempsey
Michael J. Gasser
Daniel J. Gunsett
Allan Hull
Robert C. Macauley
David J. Olderman
William B. Sparks, Jr.

J Maurice Struchen

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a.) Exhibits.
None.

(b.) Reports on Form 8-K. No events occurred requiring Form 8-K to be filed.

OTHER COMMENTS

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the consolidated balance sheet as of January 31, 1997, the consolidated statement of income for the 3-month periods ended January 31, 1997 and 1996, and the consolidated statement of cash flows for the 3-month periods then ended. These financial statements are unaudited; however, at year-end an audit will be made for the fiscal year by independent accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Greif Bros. Corporation

(Registrant)

Date March 6, 1997 John K. Dieker Controller (Principal Accounting Officer)

ARTICLE 5

This schedule contains summary financial information extracted from the Form 10-Q and is qualified in its entirety by reference to such Form 10-Q.

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	OCT 31 1997
PERIOD END	JAN 31 1997
CASH	22,048
SECURITIES	19,273
RECEIVABLES	71,336
ALLOWANCES	(836)
INVENTORY	50,148
CURRENT ASSETS	177,913
PP&E	579,057
DEPRECIATION	(256,147)
TOTAL ASSETS	523,374
CURRENT LIABILITIES	54,466
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9,034
OTHER SE	389,022
TOTAL LIABILITY AND EQUITY	523,374
SALES	152,370
TOTAL REVENUES	156,376
CGS	131,329
TOTAL COSTS	131,329
OTHER EXPENSES	17,212
LOSS PROVISION	0
INTEREST EXPENSE	750
INCOME PRETAX	7,085
INCOME TAX	2,600
INCOME CONTINUING	4,485
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	4,485
EPS PRIMARY	0.14 ¹
EPS DILUTED	0.14 ¹

¹ Amount represents the earnings per share for the Class A Common Stock. The earnings per share for the Class B Common Stock are \$0.25.

End of Filing

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