TEXTAINER GROUP HOLDINGS LTD
Form 6-K
February 14, 2012

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

February 14, 2012

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 x 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): ¨

This report contains a copy of the press release entitled Textainer Group Holdings Limited Reports Record Fourth-Quarter and Full-Year 2011 Results and Increases Quarterly Dividend, dated February 14, 2012. As discussed on the Company s publicly available call on February 14, 2012, in the Outlook section of the attached press release it incorrectly notes that the Company has already ordered 5,000 TEU of refrigerated containers in 2012. The Company has actually ordered 5,000 refrigerated container units in 2012, which equals 10,000 TEU (Twenty-Foot Equivalent Units).

Exhibit

1. Press Release dated February 14, 2012

Textainer Group Holdings Limited Reports Record Fourth-Quarter and Full-

Year 2011 Results and Increases Quarterly Dividend

Highlights:

Our fourth quarter of 2011 closed out a record year for Textainer in terms of revenues, profitability, fleet size, utilization and capital expenditures;

Record net income attributable to Textainer Group Holdings Limited common shareholders of $54.9 million, or $1.10 per diluted common share, for the fourth quarter and $189.6 million, or $3.80 per diluted common share, for the full year;

Record adjusted net income(1) of $53.0 million, or $1.06 per diluted common share, for the fourth quarter and $178.2 million, or $3.58 per diluted common share, for the full year;

Average fleet utilization of 97.7% for the fourth quarter of 2011, and a record 98.3% for the full year;

Total capital expenditures for both our owned and managed fleets were $904 million for the year, used to purchase 215,000 Twenty-Foot Equivalent Units (TEU) of new standard dry-freight containers, 18,000 TEU of new refrigerated containers and 215,000 TEU of used containers, all new records;

Paid a $0.35 per share dividend in the fourth quarter and declared a $0.37 per share dividend in the first quarter of 2012, an increase of 5.7%.

HAMILTON, Bermuda, February 14, 2012 (BUSINESS WIRE) Textainer Group Holdings Limited (NYSE: TGH), the world s largest lessor of intermodal containers based on fleet size, today reported results for the fourth quarter and full year ended December 31, 2011. Our fourth quarter closed out a record year for Textainer by every meaningful performance measure, including total revenues, profitability, utilization and fleet size, said Philip K. Brewer, President and Chief Executive Officer of Textainer. We also significantly increased our capital expenditures to $904 million, purchasing 448,000 TEU of containers positioning the Company for further success in 2012.

Key Financial Information (in thousands except for per share and TEU amounts):

	Q4 2011	Q4 2010	Full-year 2011	Full-year 2010
Total revenues	$ 116,377	$ 83,999	$ 422,796	$ 303,879
Net income attributable to Textainer Group Holdings Limited common shareholders	$ 54,919	$ 40,047	$ 189,606	$ 120,031
Net income attributable to Textainer Group Holdings Limited common shareholders per diluted common share	$ 1.10	$ 0.81	$ 3.80	$ 2.43
Adjusted net income(1)	$ 53,008	$ 35,701	$ 178,199	$ 123,451
Adjusted net income per diluted common share(1)	$ 1.06	$ 0.72	$ 3.58	$ 2.50
EBITDA(1)	$ 89,213	$ 65,300	$ 332,212	$ 218,995
Average fleet utilization	97.7%	98.0%	98.3%	95.4%
Total fleet size at end of period (TEU)	2,469,039	2,314,219		
Owned percentage of total fleet at end of period	58.6%	50.9%		

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Adjusted net income and EBITDA are Non-GAAP Measures that are reconciled to GAAP measures in footnote 1. Adjusted net income is defined as net income attributable to Textainer Group Holdings Limited common shareholders before unrealized losses on interest rate swaps, net, and gain on sale of containers to noncontrolling interest (NCI) and related impact of reconciling items on net income attributable to the NCI. EBITDA is defined as net income attributable to Textainer Group Holdings Limited common shareholders before interest income and interest expense, realized and unrealized losses on interest rate swaps and caps, net, income tax expense, net income attributable to the NCI, depreciation and amortization expense, and gain on sale of containers to NCI and related impact of reconciling items on net income attributable to the NCI. Footnote 1 provides certain qualifications and limitations on the use of Non-GAAP Measures.

All of Textainer s financial results above were positively impacted by the following items in the fourth quarter 2011, compared to the year ago quarter:

- 28.0% increase in the average size of the owned container fleet;
- 1.7% increase in average per diem rental rates;
- $2.3 million increase in net gain on container trading due to increased sales volume and average sales proceeds per container; and
- An increase in estimated residual values, beginning July 1, 2011, used in the calculation of depreciation expense which resulted in $4.8 million less depreciation expense than would have been recorded using prior residual values.

These items were partially offset by increases in depreciation expense and interest expense due to the increase in the size of the owned container fleet and associated debt to fund this expansion.

All of Textainer s financial results above were positively impacted by the following items for full-year 2011, compared to the prior year:

- 29.5% increase in the average size of the owned container fleet;
- 7.1% increase in average per diem rental rates;
- 2.9 percentage point increase in utilization;
- $2.5 million increase in net gain on container trading due to increased sales volume and average sales proceeds per container;
- $7.2 million decrease in direct container expense primarily due to reduced storage expense;
- An increase in estimated residual values, beginning July 1, 2011, used in the calculation of depreciation expense, which resulted in $9.5 million less depreciation expense than would have been recorded using prior residual values; and

A capital restructuring of our primary asset-owning subsidiary, Textainer Marine Containers Limited (TMCL), effective June 30, 2011, whereby our wholly-owned subsidiary, Textainer Limited, now owns 100% of TMCL, eliminating the related noncontrolling interest. The restructuring resulted in a $19.8 million gain on sale of containers to the prior noncontrolling interest holder. The gain was the result of recognizing the fair value of containers and direct financing and sales-type leases in excess of their book value exchanged for TMCL s common shares at the time of the transaction. This was a noncash transaction.

These items were partially offset by increases in depreciation expense and interest expense due to the increase in the size of the owned container fleet and associated debt to fund this expansion.

TMCL s issuance of $400 million in fixed rate asset backed notes in June represented one of the largest container securitizations in history and again demonstrated Textainer s ability to attract strong investor support in the debt markets. With a debt-to-equity ratio of 2.2:1, the Company is in a strong position to continue purchasing both new and used containers to meet market demand and maintain our industry leading position.

Outlook

Capital expenditures for new standard dry-freight and refrigerated containers were the highest in the Company s history and in-fleet container utilization continues to remain at or near historic highs. Demand for new standard dry-freight containers began to slow during the second quarter but demand for depot equipment remained strong. Utilization declined by approximately 1%, over the last half of the year. With 2011 as a backdrop, we expect that utilization may continue its slight decline during the first quarter of 2012, but that the overall level will remain attractive, commented Mr. Brewer. We are optimistic that utilization may level off or start to improve during the second quarter of 2012 and with 78% of our fleet committed to long-term and direct financing and sales-type leases, we have a sizeable contracted revenue stream which we expect will continue to provide our shareholders with attractive returns. We are off to a good start in 2012, with 32,000 TEU of dry freight containers and 5,000 TEU of refrigerated containers already ordered. Furthermore, resale prices have recently declined in some locations but, relative to the last ten years, current resale price levels remain very high.

Dividend

On February 10, 2012, Textainer s board of directors approved and declared a quarterly cash dividend of $0.37 per share on Textainer s issued and outstanding common shares, payable on March 6, 2012 to shareholders of record as of February 24, 2012. This dividend is an increase of $0.02 per share from the prior quarter, Textainer s eighth consecutive quarterly increase, and will continue the Company s history of paying constant or higher dividends every quarter since its October 2007 initial public offering. Combined, these dividends have averaged 43% of Adjusted net income(1) during this period. The current dividend represents 35% of Adjusted net income(1).

Investors Webcast

Textainer will hold a conference call and a Webcast with an accompanying slide presentation at 11:00 am EST on Tuesday, February 14, 2012 to discuss Textainer s 2011 fourth-quarter and full-year results. An archive of the Webcast will be available one hour after the live call through February 14, 2013. For callers in the U.S. the dial-in number for the conference call is 877-303-9078; for callers outside the U.S. the dial-in number for the conference call is 970-315-0455. To access the live Webcast or archive, please visit Textainer s website at http://www.textainer.com.

About Textainer Group Holdings Limited

Textainer Group Holdings Limited and its subsidiaries (Textainer) is the world s largest lessor of intermodal containers based on fleet size. The Company began operations in 1979 and as of the most recent quarter end had more than 1.6 million containers, representing more than 2.4 million TEU, in its owned and managed fleet. Textainer leases dry freight, refrigerated, and specialized containers. Each year the Company is one of the largest purchasers of new containers as well as one of the largest sellers of used containers. Textainer leases containers to approximately 400 shipping lines and other lessees and sells containers to more than 1,000 customers worldwide and provides services worldwide via a network of regional and area offices, as well as independent depots.

Important Cautionary Information Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of U.S. securities laws. Forward-looking statements include statements that are not statements of historical facts and include, without limitation, statements regarding: (i) Textainer s belief that it is in a strong position to continue purchasing both new and used containers to meet market demand and maintain its industry leading position; (ii) Textainer s expectation that utilization may continue its slight decline during the first quarter of 2012, but that the overall level will remain attractive and (iii) Textainer s expectation that its sizeable contracted revenue stream will continue to provide its shareholders with attractive returns. Readers are cautioned that these forward-looking statements involve risks and uncertainties, are only predictions and may differ materially from actual future events or results. These risks and uncertainties include, without limitation, the following items that could materially and negatively impact our business, results of operations, cash flows, financial condition and future prospects: any deceleration or reversal of the current domestic and global economic recoveries; lease rates may decrease and lessees may default, which could decrease revenue and increasing storage, repositioning, collection and recovery expenses; we own a large and growing number of containers in our fleet and are subject to significant ownership risk; further consolidation of container manufacturers or the disruption of manufacturing for the major manufacturers could result in higher new container prices and/or decreased supply of new containers and any increase in the cost or reduction in the supply of new containers; the demand for leased containers depends on many political and economic factors beyond Textainer s control; the demand for leased containers is partially tied to international trade and if this demand were to decrease due to increased barriers to trade, or for any other reason, it could reduce demand for intermodal container leasing; as we increase the number of containers in our owned fleet, we will have significant capital at risk and may need to incur more debt, which could result in financial instability; Textainer faces extensive competition in the container leasing industry; the international nature of the container shipping industry exposes Textainer to numerous risks; gains and losses associated with the disposition of used equipment may fluctuate; our indebtedness reduces our financial flexibility and could impede our ability to operate; and other risks and uncertainties, including those set forth in Textainer s filings with the Securities and Exchange Commission. For a discussion of some of these risks and uncertainties, see Item 4 Risk Factors in Textainer s Quarterly Report on Form 6-K and Item 3 Key Information Risk Factors in Textainer s Annual Report on Form 20-F filed with the Securities and Exchange Commission on November 14, 2011 and March 18, 2011, respectively.

Textainer s views, estimates, plans and outlook as described within this document may change subsequent to the release of this press release. Textainer is under no obligation to modify or update any or all of the statements it has made herein despite any subsequent changes Textainer may make in its views, estimates, plans or outlook for the future.

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TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statements of Income

Three Months and Years Ended December 31, 2011 and 2010

(Unaudited)

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

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	2011	2010
Revenues:				
Lease rental income	$ 87,072	$ 68,237	$ 327,627	$ 235,827
Management fees	6,628	8,072	29,324	29,137
Trading container sales proceeds	14,770	1,445	34,214	11,291
Gains on sale of containers, net	7,907	6,245	31,631	27,624
Total revenues	116,377	83,999	422,796	303,879
Operating expenses (income):				
Direct container expense	5,554	4,094	18,307	25,542
Cost of trading containers sold	12,219	1,146	29,456	9,046
Depreciation expense	21,501	18,050	83,177	58,972
Amortization expense	1,335	1,756	6,110	6,544
General and administrative expense	5,453	5,575	23,495	21,670
Short-term incentive compensation expense	1,209	1,342	4,921	4,805
Long-term incentive compensation expense	1,486	1,118	5,950	5,318
Bad debt expense, net	782	399	3,007	145
Gain on sale of containers to noncontrolling interest			(19,773)	
Total operating expenses, net	49,539	33,480	154,650	132,042
Income from operations	66,838	50,519	268,146	171,837
Other income (expense):				
Interest expense	(14,649)	(6,658)	(44,891)	(18,151)
Interest income	12	13	32	27
Realized losses on interest rate swaps and caps, net	(2,654)	(2,445)	(10,824)	(9,844)
Unrealized gains (losses) on interest rate swaps, net	1,909	5,495	(3,849)	(4,021)
Other, net	3	(762)	(115)	(1,591)
Other expense, net	(15,379)	(4,357)	(59,647)	(33,580)
Income before income tax and noncontrolling interest	51,459	46,162	208,499	138,257
Income tax benefit (expense)	3,030	(1,274)	(4,481)	(4,493)
Net income	54,489	44,888	204,018	133,764
Net loss (income) attributable to the noncontrolling interest	430	(4,841)	(14,412)	(13,733)
Net income attributable to Textainer Group Holdings Limited common shareholders	$ 54,919	$ 40,047	$ 189,606	$ 120,031
Net income attributable to Textainer Group Holdings Limited common shareholders per share:				

Basic	$ 1.12	$ 0.83	$ 3.88	$ 2.50
Diluted	$ 1.10	$ 0.81	$ 3.80	$ 2.43
Weighted average shares outstanding (in thousands):				
Basic	48,931	48,255	48,859	48,108
Diluted	49,910	49,532	49,839	49,307

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

December 31, 2011 and December 31, 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	$ 74,816	$ 57,081
Accounts receivable, net of allowance for doubtful accounts of $7,840 and $8,653 in 2011 and 2010, respectively	86,428	63,511
Net investment in direct financing and sales-type leases	25,075	19,117
Trading containers	12,970	404
Containers held for sale	7,832	2,883
Prepaid expenses	10,243	8,603
Deferred taxes	2,443	1,895
Total current assets	219,807	153,494
Restricted cash	45,858	15,034
Containers, net of accumulated depreciation of $377,731 and $361,791 at 2011 and 2010, respectively	1,903,855	1,437,259
Net investment in direct financing and sales-type leases	85,121	72,224
Fixed assets, net of accumulated depreciation of $9,027 and $8,820 at 2011 and 2010, respectively	1,717	1,804
Intangible assets, net of accumulated amortization of $33,340 and $27,441 at 2011 and 2010, respectively	46,675	60,122