

TEXTAINER GROUP HOLDINGS LTD

Form 6-K

November 10, 2008

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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 three months ended September 30, 2008

Commission File Number 001-33725

**Textainer Group Holdings Limited**

(Exact Name of Registrant as Specified in its Charter)

**Not Applicable**

(Translation of Registrant's name into English)

**Century House**

**16 Par-La-Ville Road**

**Hamilton HM HX**

**Bermuda**

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(441) 296-2500

(Address and telephone number, including area code, of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover 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 September 30, 2008.

**Exhibits**

1. Quarterly report of Textainer Group Holdings Limited for the Three Months ended September 30, 2008

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**Exhibit 1**

**TEXTAINER GROUP HOLDINGS LIMITED**

**Quarterly Report on Form 6-K for the Three Months Ended September 30, 2008**

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TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

## Condensed Consolidated Balance Sheets

September 30, 2008 and December 31, 2007

(Unaudited)

(All currency expressed in United States dollars in thousands)

|   | September 30,<br>2008 | December 31,<br>2007 |
|---|-----------------------|----------------------|
| <b>Assets</b>   |                       |                      |
| Current assets:   |                       |                      |
| Cash and cash equivalents   | \$ 63,147             | \$ 69,447            |
| Accounts receivable, net of allowance for doubtful accounts of \$5,293 and \$3,160 in 2008 and 2007, respectively | 52,474                | 44,688               |
| Net investment in direct financing and sales-type leases  | 17,097                | 9,116                |
| Containers held for resale  | 1,796                 | 3,798                |
| Prepaid expenses and other current assets   | 3,241                 | 2,527                |
| Deferred taxes  | 352                   | 352                  |
| Due from affiliates, net  |                       | 9                    |
| <b>Total current assets</b>   | <b>138,107</b>        | <b>129,937</b>       |
| Restricted cash   | 12,032                | 16,742               |
| Containers, net of accumulated depreciation of \$331,309 and \$322,845 in 2008 and 2007, respectively             | 1,019,872             | 856,874              |
| Net investment in direct financing and sales-type leases  | 68,549                | 48,075               |
| Fixed assets, net of accumulated depreciation of \$8,124 and \$7,795 in 2008 and 2007, respectively               | 1,525                 | 1,230                |
| Intangible assets, net of accumulated amortization of \$10,615 and \$4,700 in 2008 and 2007, respectively         | 66,838                | 72,646               |
| Interest rate swaps   | 1,323                 | 127                  |
| Other assets  | 3,492                 | 2,715                |
| <b>Total assets</b>   | <b>\$ 1,311,738</b>   | <b>\$ 1,128,346</b>  |
| <b>Liabilities and Shareholders Equity</b>  |                       |                      |
| Current liabilities:  |                       |                      |
| Accounts payable  | \$ 4,668              | \$ 4,612             |
| Accrued expenses  | 10,372                | 11,115               |
| Container contracts payable   | 91,866                | 28,397               |
| Due to owners, net  | 13,164                | 18,019               |
| Secured debt facility   |                       | 6,585                |
| Bonds payable   | 58,000                | 58,000               |
| <b>Total current liabilities</b>  | <b>178,070</b>        | <b>126,728</b>       |
| Revolving credit facilities   | 32,000                | 21,500               |
| Secured debt facility   | 236,070               | 124,391              |
| Bonds payable   | 327,667               | 370,938              |
| Interest rate swaps   | 3,988                 | 4,409                |
| Long-term income tax payable  | 17,202                | 15,733               |
| Deferred taxes  | 10,818                | 10,814               |
| <b>Total liabilities</b>  | <b>805,815</b>        | <b>674,513</b>       |

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|  |              |              |
|--|--------------|--------------|
| Minority interest  | 58,682       | 49,717       |
| Shareholders' equity:  |              |              |
| Common shares, \$0.01 par value. Authorized 140,000,000 shares; issued and outstanding 47,604,640 at 2008 and 2007 | 476          | 476          |
| Additional paid-in capital   | 165,884      | 163,753      |
| Notes receivable from shareholders   |              | (432)        |
| Accumulated other comprehensive income   | 246          | 579          |
| Retained earnings  | 280,635      | 239,740      |
| Total shareholders' equity   | 447,241      | 404,116      |
| Total liabilities and shareholders' equity   | \$ 1,311,738 | \$ 1,128,346 |

See accompanying notes to condensed consolidated financial statements.

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## Condensed Consolidated Statements of Income

Three and Nine Months ended September 30, 2008 and 2007

(Unaudited)

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

|   | Three months ended<br>September 30, |                  | Nine months ended<br>September 30, |                  |
|---|-------------------------------------|------------------|------------------------------------|------------------|
|   | 2008                                | 2007             | 2008                               | 2007             |
| <b>Revenues:</b>  |                                     |                  |                                    |                  |
| Lease rental income   | \$ 50,914                           | \$ 48,574        | \$ 147,016                         | \$ 145,223       |
| Management fees   | 7,610                               | 6,397            | 22,019                             | 16,538           |
| Trading container sales proceeds                              | 6,716                               | 6,153            | 30,799                             | 13,315           |
| Gains on sale of containers, net                              | 4,435                               | 4,184            | 11,683                             | 9,795            |
| Other, net  |                                     | 4                |                                    | 290              |
| <b>Total revenues</b>   | <b>69,675</b>                       | <b>65,312</b>    | <b>211,517</b>                     | <b>185,161</b>   |
| <b>Operating expenses:</b>                                    |                                     |                  |                                    |                  |
| Direct container expense                                      | 5,975                               | 7,955            | 18,899                             | 26,276           |
| Cost of trading containers sold                               | 5,314                               | 4,768            | 23,533                             | 10,547           |
| Depreciation expense  | 10,614                              | 12,505           | 37,264                             | 35,896           |
| Amortization expense  | 1,670                               | 908              | 5,314                              | 1,978            |
| General and administrative expense                            | 4,951                               | 4,341            | 16,190                             | 12,748           |
| Short-term incentive compensation expense                     | 1,287                               | 879              | 3,063                              | 3,057            |
| Long-term incentive compensation expense                      | 807                                 |                  | 2,288                              |                  |
| Bad debt expense, net   | 2,477                               | 293              | 3,100                              | 1,289            |
| <b>Total operating expenses</b>                               | <b>33,095</b>                       | <b>31,649</b>    | <b>109,651</b>                     | <b>91,791</b>    |
| <b>Income from operations</b>                                 | <b>36,580</b>                       | <b>33,663</b>    | <b>101,866</b>                     | <b>93,370</b>    |
| <b>Other income (expense):</b>                                |                                     |                  |                                    |                  |
| Interest expense  | (6,307)                             | (10,127)         | (18,552)                           | (27,378)         |
| Interest income   | 362                                 | 746              | 1,255                              | 2,123            |
| Realized (losses) gains on interest rate swaps and caps, net  | (1,898)                             | 971              | (4,177)                            | 2,712            |
| Unrealized gains (losses) on interest rate swaps, net         | 711                                 | (3,855)          | 1,617                              | (4,077)          |
| Gain on lost military containers, net                         | 480                                 | 4,639            | 2,169                              | 4,639            |
| Other, net  | (511)                               | (8)              | 180                                | (121)            |
| <b>Net other income (expense)</b>                             | <b>(7,163)</b>                      | <b>(7,634)</b>   | <b>(17,508)</b>                    | <b>(22,102)</b>  |
| <b>Income before income tax and minority interest expense</b> | <b>29,417</b>                       | <b>26,029</b>    | <b>84,358</b>                      | <b>71,268</b>    |
| Income tax expense  | (2,019)                             | (1,903)          | (3,079)                            | (4,678)          |
| Minority interest expense                                     | (2,839)                             | (4,816)          | (8,965)                            | (13,966)         |
| <b>Net income</b>   | <b>\$ 24,559</b>                    | <b>\$ 19,310</b> | <b>\$ 72,314</b>                   | <b>\$ 52,624</b> |

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|   |         |         |         |         |
|---|---------|---------|---------|---------|
| Net income per share:                               |         |         |         |         |
| Basic   | \$ 0.52 | \$ 0.50 | \$ 1.52 | \$ 1.37 |
| Diluted   | \$ 0.51 | \$ 0.50 | \$ 1.51 | \$ 1.36 |
| Weighted average shares outstanding (in thousands): |         |         |         |         |
| Basic   | 47,605  | 38,605  | 47,605  | 38,531  |
| Diluted   | 47,875  | 38,605  | 47,807  | 38,583  |

See accompanying notes to condensed consolidated financial statements.



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Condensed Consolidated Statements of Cash Flows

Nine Months ended September 30, 2008 and 2007

(Unaudited)

(All currency expressed in United States dollars in thousands)

|  | <b>Nine months ended September 30,</b> |                  |
|--|--|------------------|
|  | <b>2008</b>                            | <b>2007</b>      |
| <b>Cash flows from operating activities:</b>   |  |                  |
| Net income   | \$ 72,314                              | \$ 52,624        |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |  |                  |
| Depreciation expense   | 37,264                                 | 35,896           |
| Bad debt expense, net  | 3,100                                  | 1,289            |
| Unrealized (gains) losses on interest rate swaps, net                                    | (1,617)                                | 4,077            |
| Amortization of debt issuance costs  | 1,414                                  | 1,013            |
| Amortization of intangible assets  | 5,314                                  | 1,978            |
| Amortization of acquired above-market leases   | 602                                    |                  |
| Gains on sale of containers and lost military containers, net                            | (13,852)                               | (14,434)         |
| Share-based compensation expense   | 2,162                                  |                  |
| Minority interest expense  | 8,965                                  | 13,966           |
| Changes in operating assets and liabilities  | (12,372)                               | (22,825)         |
| Total adjustments  | 30,980                                 | 20,960           |
| <b>Net cash provided by operating activities</b>   | <b>103,294</b>                         | <b>73,584</b>    |
| <b>Cash flows from investing activities:</b>   |  |                  |
| Purchase of containers and fixed assets  | (216,505)                              | (155,260)        |
| Purchase of intangible assets  | (108)                                  | (56,000)         |
| Proceeds from sale of containers and fixed assets  | 54,583                                 | 55,287           |
| Receipt of principal payments on direct financing and sales-type leases                  | 10,159                                 | 4,820            |
| <b>Net cash used in investing activities</b>   | <b>(151,871)</b>                       | <b>(151,153)</b> |
| <b>Cash flows from financing activities:</b>   |  |                  |
| Proceeds from revolving credit facility  | 56,500                                 | 43,000           |
| Principal payments on revolving credit facility  |  |                  |