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CORPORATE PARTICIPANTS

Dustin Stilwell *Berry Plastics Group Inc - IR*

Jon Rich *Berry Plastics Group Inc - Chairman & CEO*

Mark Miles *Berry Plastics Group Inc - CFO*

CONFERENCE CALL PARTICIPANTS

Ghansham Panjabi *Robert W. Baird & Company, Inc. - Analyst*

Scott Gaffner *Barclays Capital - Analyst*

Usha Guntupalli *Goldman Sachs - Analyst*

Danny Moran *Macquarie Research Equities - Analyst*

Chris Manuel *Wells Fargo Securities, LLC - Analyst*

Debbie Jones *Deutsche Bank - Analyst*

Anthony Pettinari *Citigroup - Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Berry Plastics earnings call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time.

(Operator Instructions)

As a reminder, this conference call is being recorded. I would now like to introduce your host for today's conference, Dustin Stilwell, Head of Investor Relations. Please go ahead.

Dustin Stilwell - *Berry Plastics Group Inc - IR*

Thanks, Kate. Good morning and welcome, everyone, to our 2014 third fiscal quarter earnings conference call. Joining me from the Company today, I have Berry Plastics Chairman and CEO, Jon Rich, and our CFO, Mark Miles.

During this call, we will be discussing some non-GAAP financial measures, including operating EBITDA, adjusted EBITDA and adjusted free cash flow. The most directly comparable GAAP financial measures and a reconciliation of the differences between the GAAP and non-GAAP financial measures are available in our earnings release and our public filings. An archived audio replay of this conference will also be available on the Company's website.

During this conference call, we would like to make it clear that certain statements made today may be forward-looking statements. These forward-looking statements are made based upon management's expectations and beliefs concerning future events impacting the company, and therefore involve a number of uncertainties and risks, including, but not limited to, those described in the Company's annual report on Form 10-K and other filings with the SEC. Therefore, the actual results of our operations or financial condition of the Company could differ materially from those expressed or implied in those forward-looking statements.

On today's call, Jon and Mark will provide a review of our financial performance, the results of our operating segments and, before going into Q&A, will provide commentary on our FY14 outlook. With that, I would now like to turn the call over to Jon Rich.

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

Thank you, Dustin. Good morning, everyone. Thank you for joining us and welcome to the Berry Plastics third quarter FY14 earnings call. Throughout this call, we will refer to the third fiscal quarter as the June 2014 quarter. This morning, we'll review our financial performance for the quarter, provide an update on our major initiatives and strategy, as well as discuss the outlook for the balance of the fiscal year.

First, turning to our June quarterly financial results, we increased our net sales by 6% over the prior year quarter, and achieved record sales for any quarter in the Company's history. Our operating EBITDA matched the Company's previous high for any quarter and was 2% higher than the June 2013 period. In addition, adjusted free cash flow increased 5% over the prior year. Mark will provide more details on our financial results momentarily.

Operating EBITDA margins for the quarter came in at 16.3%, up 0.5% from the March 2014 ending quarter, but down 0.7% from the same period in 2013. On a sequential basis, operating EBITDA margins improved as a result of higher volumes, contributions from the pricing actions we implemented in the June quarter, improved operational productivity, and cost savings from our previously announced restructuring activities. When compared to the prior year quarter, margins were negatively impacted by raw material inflation not completely offset by higher selling prices, and the impact of product mix, as our Flexible businesses grew volume faster than our Rigid businesses.

I am pleased to report that we had strong quarterly performance from both our Flexible businesses. Aggregate sales for the Flexible businesses increased 14% versus the 2013 period. Operating EBITDA margins for our Flexible Packaging segment improved to 13.2%, an increase of 2.6 margin points from last year. The Flexible Packaging segment benefited from growth in flexible food packaging.

At the same time, operating EBITDA margins in our Engineered Materials segment were 14.8%. Our tapes and core films products realized strong growth, while increasing selling prices in response to both resin and other inflation.

Consumer demand in the quarter for packaged food goods, household chemicals, and traffic at restaurants was weak. Nielsen survey data for grocery in the quarter was down 0.5% overall versus the prior year quarter, and down 2.1% specifically for packaged food. Dairy and dry grocery, including products such as margarine, cereal and soft drinks, where we have a strong presence, declined 3% to 6% in the quarter. Traffic at restaurants was also down about 1.5% in the quarter, according to a National Restaurant News survey. We believe this softness in consumer demand is driven in part by overall food inflation of 3% outpacing average private sector wage growth of 1.9% over the last several quarters.

Berry's base physical volume was essentially flat for the quarter compared to the same period in 2013. The volume pattern weakened throughout the quarter sequentially from April to June when compared to the prior year. In aggregate, Berry's volume, especially in our Rigid businesses, tracked the Nielsen survey data.

Within our Rigid businesses, we grew volumes in bottles, and volumes for thermoformed drink cups were stronger in the quarter, as we grew with new and existing customers who were gaining traffic in the quarter, notwithstanding the specific customer share losses we've already described in prior calls. Volumes in our Rigid Container and Closure Products declined from lower consumer demand similar to the Nielsen survey data for dairy and soft drink categories.

On the cost side, we made the planned progress in completing the facility restructuring actions that we first described in November last year. While the plant closures are on track, we did experience some cost and operational challenges related to equipment being relocated and reinstalled. As previously described, we continue to expect the overall savings from these restructuring activities to positively impact our annual EBITDA by $27 million; however, we now expect the FY14 savings to be $5 million versus the $9 million in the original plan.

Also on the cost front, we continued to face challenges in the quarter from a continuation of the rise in costs that we've had to absorb for polyolefin resin. Polyethylene, which represents approximately 60% of our resin purchases, has increased more than 25% over the past eight quarters. The last decline in polyethylene prices was in November of 2012. Our contractual and spot selling prices increased in the quarter, but still came up short of recovering raw material inflation. The Chemical Marketing Association, or CMAI, is forecasting resin prices flat to modestly higher for the September ending quarter.

At the beginning of June, we completed our acquisition of Rexam's healthcare containers and closures business. This business included eight facilities, of which five are located in the United States and one each in Mexico, India and France, with total employment of approximately 1,500 and calendar 2013 sales of approximately $260 million. This acquisition is directly aligned with our key strategic initiatives. The US portion of the business has a highly synergistic fit with our current healthcare product portfolio, while the facilities located outside the United States will allow us to increase our presence in the attractive global healthcare market segment.

We believe that this transaction should allow us to achieve synergies at or above our historical average of 5% of sales of the acquired business. The acquisition is expected to be net deleveraging post-synergy realization within a year. The five US facilities are included in our Rigid Closed Top segment, while the three international facilities are included in our Flexible Packaging segment.

Now, I'll turn the call over to Mark, who will provide more specific details on various financial results, and then I'll come back to provide an update on our strategies and outlook for the remainder of the fiscal year. Mark?

Mark Miles - *Berry Plastics Group Inc - CFO*

Thank you, Jon, and good morning, everyone. Net sales for the quarter were $1.298 billion, compared to $1.221 billion for the June 2013 quarter. This 6% increase was primarily attributed to revenue from acquisitions completed in the last 12 months of Graphic Packaging's flexible plastics and film business, Qingdao P&B in China, and Rexam's healthcare containers and closures business, along with a 2% increase in selling prices linked to the pass-through of higher raw material and freight costs.

Operating EBITDA was $212 million for the June 2014 quarter, compared to $208 million in the prior year quarter. This $4 million increase in operating EBITDA included cost reductions and improved productivity in both manufacturing and SG&A of $8 million, and operating EBITDA related to the recent acquisitions, partially offset by unfavorable product mix and a $5 million under recovery of raw material and freight cost, in spite of $28 million of net higher selling prices over the prior year quarter.

Turning to our business segments, in our two Rigid businesses, combined net sales were essentially flat compared to the June 2013 quarter, principally as a result of the addition of the US portion of Rexam's healthcare containers and closure business, along with a 1% increase in net selling prices due to higher raw material and freight costs, partially offset by a 2% reduction in price adjusted base sales volume. Operating EBITDA in our Rigid divisions combined decreased by 8%, principally as a result of reduced earnings from our Rigid Open Top segment.

As a reminder, in the December quarter of 2013, we entered into new agreements with several existing thermoformed drink cup customers where our prior contracts provided exclusivity or very high market share at those accounts. Excluding the impact of those renegotiated agreements, our thermoformed drink cup sales volumes improved over the prior year quarter, in spite of weak overall market demand.

We experienced continued sluggish demand in our container products during the quarter, as a result of weak market demand in products such as margarine, cream cheese and sour cream. Additionally, earnings were negatively impacted by the relationship of net selling prices versus raw material and freight costs, as the full impact of the selling price increases discussed on our last earnings call was not fully realized in the June ending quarter.

In the Flexible business, consisting of our Engineered Materials and Flexible Packaging segments, combined net sales in the quarter increased by 14% over the prior year. This increase was primarily attributed to a 4% increase in net selling prices due to the pass-through of higher raw material and freight costs, and revenue from our recent acquisitions of Graphic Packaging's flexible plastics and film business, Qingdao P&B, and Rexam's healthcare containers and closures operations outside the United States. Sales volumes, excluding acquisition activity and selling price changes, increased 2% over the prior June quarter.

Combined operating EBITDA for these two segments increased 20% overall, despite a $3 million under recovery of raw material inflation in our Engineered Materials segment. Although we have still not been successful in passing through all the cost increases in our noncontractual core films business, the gap did shrink by 40% versus the March quarter under recovery. The 20% growth in earnings in the quarter over the prior year period in our Flexible businesses is primarily attributed to improvements in manufacturing efficiencies and cost reductions, as well as the addition of our recent acquisitions.

On the capital structure side, we are pleased to report the refinancing of $500 million of 9.5% second priority senior notes, which were replaced with a new $500 million eight-year 5.5% second priority senior note issuance. This refinancing resulted in $33 million of cash costs in the quarter, and will provide the Company with $20 million of annual cash interest savings going forward.

Interest expense for the June 2014 quarter was $56 million, representing a $1 million decrease from the prior year expense of $57 million. I would remind you that Berry has additional opportunities to further reduce interest expense in the future through refinancing $800 million of 9.75% second priority senior notes which become callable in January 2016. Will continue to monitor the markets and will take actions when and if appropriate.

Income tax expense in the current quarter was impacted favorably by cumulative research and development tax credits of $18 million. And adjusted net income per diluted share for the June 2014 quarter was $0.51, representing a 46% increase over the $0.35 recorded for the same period in 2013.

Berry continues to maintain more than ample liquidity, which is enhanced by businesses that generate substantial free cash flow. At the close of the June 2014 quarter, the Company had cash on hand of $45 million and unused borrowing capacity under the revolving line of credit of $574 million, providing a significant amount of liquidity totaling $619 million.

Adjusted free cash flow, defined as cash from operations less net spending on property, plant and equipment, and payments made under the tax receivable agreement, increased 5%, to $66 million in the June 2014 quarter. This brought the Company's LTM adjusted free cash flow to $291 million, representing $2.40 per diluted share, or a free cash flow yield of 10% based on the market capitalization at the end of the June 2014 quarter.

This concludes my financial review of the June 2014 quarter. And at this time, I'd like to turn it back to Jon.

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

Thank you, Mark. As we've said on prior conference calls, we continue to focus on our four key strategic initiatives of first, reducing our debt leverage; second, driving organic growth; third, expanding internationally; and fourth, continuing to execute value accretive acquisitions that have brought us historical success.

Leverage in the quarter remained constant, at 4.7 times net debt to adjusted EBITDA. Our top priority remains reducing our debt leverage by 0.5 turn per year to reside in a 2 to 4 times goal. In the quarter, we took actions to support this top priority. We generated $66 million of adjusted free cash flow in the June 2014 quarter, which brought the LTM total to $291 million.

While we anticipate falling shy of our half turn reduction goal for FY14, we completed certain activities that will contribute to greater value creation and faster deleveraging in FY15 and beyond, but used cash in the current fiscal quarter. This includes the acquisition of Rexam's healthcare C&C business, which we expect to be net deleveraging, as well as accretive to adjusted free cash flow in FY15. In addition, we incurred $33 million of expenses in the quarter related to a refinancing that will generate $20 million of annual cash interest savings starting in FY15.

Now let me provide a brief update on Versalite. Versalite continues to be a very significant opportunity for Berry. During the June ending quarter, we continued to see our business with Subway expand as they increase the number of locations that are using Versalite cups. Dunkin' Donuts completed their first phase of testing and are now entering the second phase of tests, which will be expanded to include multiple states. Feedback from the first phase was consistent with Berry's internal customer market test and consistent with the experiences of other Versalite customers. I want to continue to emphasize that with Dunkin', we are still in the testing phases and the ultimate decision to use or not use Versalite cups will be made by Dunkin'.

During the quarter, we completed the development of a 24-ounce cup that rounds out our product offering. We also concluded several new commercial agreements with retailers and convenience store customers. We anticipate that we will continue trials with large customers and complete commercial introductions with a limited number of other customers throughout the year, with revenues and capacity utilization increasing in 2015.

As stated on previous updates relating to Versalite, we anticipate our installed annual capacity to be just over 1 billion units by the end of calendar 2014. We remain confident that Versalite cups provide superior insulating properties, can represent the customer's brand image with vibrant, high definition graphics, and that Versalite is, from a practical perspective, the most readily recyclable disposable hot cup available. Versalite delivers all these features and is cost competitive with currently used premium insulated cups, such as double walled paper.

Our third initiative of international expansion remains on track. We continue to be pleased with our acquisition of Qingdao P&B in China. Operating EBITDA margins at P&B are higher than Berry's overall average, consistent with our goals for international business. The integration of the business is proceeding as planned and we remain excited about the growth opportunities this recent acquisition will provide.

We have previously provided adjusted free cash flow guidance of $270 million for FY14, which concludes at the end of the September ending quarter. Today, we are reconfirming our guidance of $270 million of adjusted free cash flow for FY14, and anticipate our 2014 quarter operating EBITDA to exceed the prior year quarter by more than 10% and exceed our previous record for any quarterly period. We expect to achieve these results based on our assumption that demand will remain similar to the June ending quarter, which is consistent with what we've experienced in July. Recent acquisitions, our restructuring actions, the non-resin related price increases we implemented, and our ongoing cost saving plans will all positively impact our financial results in the September 2014 quarter.

And finally, Berry will continue to take the necessary proactive steps to remain competitive and a leader in plastics packaging through a relentless focus on building and strengthening our competitive advantages. I am confident that the people at Berry will continue to drive our results and achieve our goals. Thank you for your continued interest in Berry Plastics. And now we're ready to answer your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Ghansham Panjabi, Robert W. Baird.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

On the non-resin price increases, first off, what percentage do you think you realized in the June quarter? And then, Jon, if you could qualify the success of that initiative so far, from a customer retention standpoint?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

I'll remind you that we announced a non-resin related price increase on April 1 for effective date of May 1. That increase was designed to offset freight, energy and indirect increases that accelerated in the March ending quarter. Generally, we are offsetting those cost increases, but since the increase didn't have the full effect in the June ending quarter, with only two months out of three being effective, we anticipate that we will get a further benefit in the September ending quarter, as the full effect of that price increase is realized. I would also note that freight and energy costs are not returning to the pre-2014 levels.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

Okay. Just on resin cost dynamics, resin has gone up, as you said, over the past eight quarters; but the rate of increase has slowed and it looks like it's starting to flatten out. Assuming that this forecast holds for the rest of the year, is it fair to assume that price costs for your aggregate portfolio starts to turn positive in North America over the next few quarters?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

I think you have to look at it in two subsections. So on polypropylene, which is primarily in our Rigid businesses, the vast majority of that is under contractual agreements that move per the contracts. It's really on the polyethylene side, on the Flexible side, where we have more spot market pricing that we've seen challenges in terms of fully passing those increases through. Ultimately, we believe those increases have to go through, and we will continue to work to accomplish that goal.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

Can you just remind me how much of Flexibles is contractual?

Mark Miles - *Berry Plastics Group Inc - CFO*

It's Mark. I don't have the exact number. On our total business, it's 25% is noncontractual. And most of that is in the Flexible businesses. I would say the Rigid businesses are around 90% contractual. So you can do the math to get to the Flexible business portion, Ghansham.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

Okay. Thanks so much.

Operator

Scott Gaffner, Barclays.

Scott Gaffner - *Barclays Capital - Analyst*

I'd like to dig a little bit into the demand. I think you said you expect similar demand in the coming quarter as you saw in the previous quarter. But you did talk about demand weakening as the June ending quarter went on. Is there something that suggests that maybe things are picking back up a little bit here and that trend in the quarter wasn't quite indicative of what we should be expecting going forward? Just trying to understand that a little bit.

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

I would say that overall, our demand matched pretty closely to the Nielsen survey for food and packaged food goods. I would say that on our Flexible businesses, especially in Engineered Materials, where we have some more exposure to durable goods and housing and industrial, demand was better. But like several past quarters, we saw demand stronger at the beginning of the quarter than at the end. So far, I would describe July as being slightly stronger than June. But our ability to forecast trends in the quarter haven't been very good.

Scott Gaffner - *Barclays Capital - Analyst*

Okay. But if I look at, say, a continuation of the trends in the June quarter into the September ending quarter, if I recall, the September ending quarter last year had some weakness, especially around the deep draw thermoformed cups. Sp would do expect better year-over-year demand, though, or volumes up year-over-year, just given the easier comp?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

I think the assumption is that, in the guidance that we gave, the assumption is that demand will be similar. To the extent that demand comes in different than that, it will have the impact either up or down, as demand moves.

Scott Gaffner - *Barclays Capital - Analyst*

Okay. And lastly, around Rigid Open. When do you lap the difficult comps around the contract renegotiations and the volume losses? Is that in the December quarter, or does that actually occur sometime at the end of the September quarter?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

We should have the full impact of the effects still in the September ending quarter and a partial effect in the December ending quarter. And then the comp should be comparable starting in the first quarter of -- the first calendar quarter of 2015.

Scott Gaffner - *Barclays Capital - Analyst*

Great. Thank you.

Operator

Alec Ovshey, Goldman Sachs.

Usha Guntupalli - *Goldman Sachs - Analyst*

Thank you. This is actually Usha Guntupalli on behalf of Alex. So just first thing, on the packaged food trends. You mentioned that the June quarter was still weak. What are you really hearing from your customers on the trends? What's really driving the weakness? And now, is this more of a secular issue outside of any former changes in packaging?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

Again, I think our trends followed very closely the trends we saw in the Nielsen survey data. I think, again, a couple of factors at the macro level appear to be going on. And these have been commented on by others, so I'm just repeating them. You still have food inflation running well ahead of increases in wage rates. So that's putting some pressure, just from a supply demand standpoint. You saw the same kind of pressure this quarter in restaurants, where traffic was down. So I think the economic recovery just continues to be very slow. It is improving, but it's improving slowly and in a choppy manner.

Usha Guntupalli - *Goldman Sachs - Analyst*

Okay. That's helpful. Just one more. There was a nice uptick in the Flexible Packaging segment margin in the June quarter. Was this mostly because of the acquired business? And is this a good run rate going forward?

Mark Miles - *Berry Plastics Group Inc - CFO*

This is Mark. It was both a combination of the contributions from the acquisitions, as well as improvement in Berry's base business. We've made capital investments there that we're now starting to enjoy the benefits from. And our goal is to actually get those margins up to 15%. So we're on the path, but we haven't yet attained our goal and we'll continue to push forward to achieve that 15% target going forward.

Usha Guntupalli - *Goldman Sachs - Analyst*

Thank you.

Operator

Al Kabili, Macquarie.

Danny Moran - *Macquarie Research Equities - Analyst*

This is Danny Moran on for Al. Just on the cost savings from the restructuring program, it sounds like the benefits are coming in a little later than you were expecting. When do you expect to achieve the full run rate here?

Mark Miles - *Berry Plastics Group Inc - CFO*

In the FY14, we're expecting $5 million. We still remain committed to the $27 million that we previously provided on an annual basis. We expect those to continue to increase until we hit that full run rate. Obviously, at the end of FY14, we still won't be at the full run rate, but at some point in FY15 we should hit that full run rate. And I would expected it to be in early 2015.

Danny Moran - *Macquarie Research Equities - Analyst*

Okay. Thanks. That's helpful. Just on the Rexam acquisition, can you give us any idea on the accretion you realized during the quarter and when we should expect the full run rate of the synergies?

Mark Miles - *Berry Plastics Group Inc - CFO*

Yes. I think, with respect to earnings, we've disclosed that the price was around $130 million and that it was net deleveraging after synergies. We haven't disclosed D&A, but I think given the facts we've provided, you can probably get pretty close to a net income estimate. With respect to synergy realization, given the nature of the transaction, we expect to be on a full run rate basis in FY15.

Danny Moran - *Macquarie Research Equities - Analyst*

Okay. All for me. Thanks, guys. Good luck in the quarter.

Operator

Chris Manuel, Wells Fargo.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Just a few questions. First, the price increases you saw, I think you said you had about two-thirds of them in the quarter. As you work through, just a sense of -- did you have better traction in some of the categories than others, better luck maybe in Rigid, or in Flexibles, et cetera? And were you able to implement those across even some of the businesses that you'd acquired?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

Again, as we've stated, the purpose of that price increase was to offset the real cost increases that we were incurring for freight, energy and other indirect costs. In its totality, we're achieving that goal. There are always puts and takes in each one of the businesses, but I wouldn't describe it as any big difference between any of the business segments. You've got to get down to the individual customers. But generally, I would say it is accomplishing the goal that it set out to achieve.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Okay. The second, if I could zero in for a second on a couple pieces of the cup business, both the hot cup and the traditional deep draw thermoformed. I think you said absent any business losses, you would have been up a little bit in the quarter in your piece. Can you give us a sense as to where's the magnitude as to what that would have looked like? Would you have been up low single digits? How long will it take to get the business to get back to where you were, say, a year ago? Is that a one- or two-year process, providing we continue to grow at a couple points or something? Can you give us a sense there to help us with how do we get the business back to a more traditional run rate?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

We generally don't talk about the specifics within any individual sub segments. But I will just describe that, first of all, traffic at restaurants in the quarter continued to be soft, as I described. But despite that, we saw the normal seasonality for drink cup growth, which grows sequentially from the March quarter to the June quarter. And I would describe this year as being normal growth. For Berry, because of the strength of our customer distribution, we saw certain customers who we serve who were gaining traffic in the quarter and that helped drive growth for us, notwithstanding the small subset of customers that we've talked about before, with the agreements that we reached last year. So in overall, I would say it was a good quarter for thermoformed cups.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Last question, and I'll turn it over, is you just indicated it was a very small subset of customers that had come in and asked for either dual sourcing and/or price reductions. It's probably coming up on that time when you'd be doing negotiations again for next year. What's your anticipation? Have you had any other customers beside just a small handful that have come in and -- potential for another round or two over the next few years of a similar type event, I guess is really where I'm going.

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

We don't really have any significant contracts coming up for renegotiation for the remainder of this calendar year. And so as we look forward, I don't anticipate the same kind of issues this year that we had last year.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Okay. That's helpful. Thank you.

Operator

Debbie Jones, Deutsche Bank.

Debbie Jones - *Deutsche Bank - Analyst*

Could you talk about the trends in your Engineering Materials business? That business has a different subset of drivers for volume, and I was hoping you could comment on what you're expecting going forward and what opportunities you have to drive growth in this business.

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

We continue to be extremely pleased with the performance of our Engineered Materials business. As I said before, it is positively impacted by some market segments like durable goods, automotive, some effects of housing, and general industrial activity, which helped that business. So we saw good growth there. Our tapes, engineered tapes business had a very good quarter. And I would say in our core film product lines, we probably gained some share in the quarter.

Debbie Jones - *Deutsche Bank - Analyst*

Okay. As a follow-up, you mentioned on Versalite. When you said the 24-ounce cup, were you referring to Versalite, number one? And then two, when you're talking about other business you can do with that, are there other applications that you're looking at besides just the hot and cold cup? I think maybe you've mentioned ice cream and other things like that.

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

We continue to be very excited about Versalite. The 24-ounce size was one that a number of customers in different categories said that they needed to fill out their SKU profile, so we were happy to get that done. As we've said all along, we don't view Versalite necessarily just as a cup activity. We view it as an insulated packaging opportunity. And so we continue to look at all aspects of insulated packaging that we think will be good opportunities. Some of those are much farther down the road than where we are with our cup development.

Debbie Jones - *Deutsche Bank - Analyst*

Okay. Thank you very much. I'll pass it over.

Operator

(Operator Instructions)

Anthony Pettinari, Citi.

Anthony Pettinari - *Citigroup - Analyst*

I had a question on M&A. Post Rexam, your leverage at 4.7 times maybe hasn't come down as much since the IPO as some of us had modeled. As you think about M&A, given the current leverage level, is there a desire to take a pause until you can bring leverage down closer to the 2 to 4 times range that you've talked about in the past, or should we expect you to continue to be active in kind of bolt-ons?

Mark Miles - *Berry Plastics Group Inc - CFO*

Anthony, our top priority remains deleveraging. And so we remain committed to that top priority. I think if you look at prices for some of the recent transactions, the multiple of EBITDA, the price has increased. And Berry will continue to maintain its discipline and focus on our number one priority. That being said, if an opportunity like a Rexam comes along that's accretive to shareholder value, we'll look at that. But we're certainly not looking to derail us from our number one priority of deleveraging the company to ultimately get in that 2 to 4 range.

Anthony Pettinari - *Citigroup - Analyst*

Okay. That's helpful. And then switching to Versalite, I apologize if I missed this in the prepared remarks. But as we look to 2015, should we assume that you'll continue to add a sell a quarter, or when we think about the pace of volume ramp-up next year, is it something that would be similar to this year? Or is there any kind of -- is there any kind of guidance you can give us there?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

We have currently ordered equipment that will allow us to continue to install capacity at the rate of one sell per quarter.

Anthony Pettinari - *Citigroup - Analyst*

Okay. Great. And maybe just a final one on NuSeal and Barricade. With Versalite, as the quarters went on, you gave us more and more information about the market opportunity and customer reception. As we look to next year, should we expect similar type of information around NuSeal and Barricade? Or because the portfolio is much larger, is it more difficult to quantify the opportunity? How do you communicate with investors and customers about NuSeal and Barricade, given that opportunity?

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

As we acquire new business for NuSeal and Barricade, we're not going to try to hide that from the investment community. I would just remind people that that market segment is a sizable one. But because of its nature in protecting food for long periods of time, there is a long testing cycle that you have to get through to qualify. But we remain very excited about NuSeal Barricade and we're still moving ahead, hopefully landing the first significant opportunity by the end of this year.

Anthony Pettinari - *Citigroup - Analyst*

Okay. Thank you. I'll turn it over.

Operator

I'm not showing any further questions at this time. I'd like to turn the call back to management for closing remarks.

Jon Rich - *Berry Plastics Group Inc - Chairman & CEO*

Again, we appreciate everybody's interest in Berry Plastics and we look forward to talking to you again at the end of the September 2014 quarter. Thanks, everybody.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may all disconnect. Everyone, have a good day.
