

BRINKS CO
Form 10-Q
October 30, 2015

UNITED STATES
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 the quarterly period ended September 30, 2015

“ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-09148

THE BRINK'S COMPANY

(Exact name of registrant as specified in its charter)

Virginia

54-1317776

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1801 Bayberry Court, Richmond, Virginia 23226-8100

(Address of principal executive offices) (Zip Code)

(804) 289-9600

(Registrant's telephone number, including area code)

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 ✓ No “

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ✓ No “

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

(Check one): Large Accelerated Filer ✓ Accelerated Filer “ Non-Accelerated Filer “ Smaller Reporting Company “

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes “ No ✓

As of October 27, 2015, 48,885,749 shares of \$1 par value common stock were outstanding.

Part I - Financial Information
Item 1. Financial Statements
THE BRINK'S COMPANY
and subsidiaries

Consolidated Balance Sheets
(Unaudited)

(In millions)	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 176.1	176.2
Accounts receivable, net	508.0	530.5
Prepaid expenses and other	130.1	129.0
Deferred income taxes	58.5	71.9
Total current assets	872.7	907.6
Property and equipment, net	542.0	669.5
Goodwill	190.9	215.7
Other intangibles	29.8	39.8
Deferred income taxes	275.0	289.5
Other	66.7	70.1
Total assets	\$ 1,977.1	2,192.2
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	\$ 47.4	59.4
Current maturities of long-term debt	37.0	34.1
Accounts payable	143.2	168.6
Accrued liabilities	418.1	466.3
Total current liabilities	645.7	728.4
Long-term debt	395.6	373.3
Accrued pension costs	188.3	219.0
Retirement benefits other than pensions	250.2	257.1
Deferred income taxes	9.1	10.8
Other	111.6	129.8
Total liabilities	1,600.5	1,718.4
Contingent liabilities (notes 3, 4 and 11)		
Equity:		
The Brink's Company ("Brink's") shareholders:		
Common stock	48.9	48.6
Capital in excess of par value	594.3	584.5
Retained earnings	569.9	592.9
Accumulated other comprehensive loss	(848.1) (792.0

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Brink's shareholders	365.0	434.0
Noncontrolling interests	11.6	39.8
Total equity	376.6	473.8
Total liabilities and equity	\$1,977.1	2,192.2

See accompanying notes to consolidated financial statements.

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THE BRINK'S COMPANY
and subsidiaries

Consolidated Statements of Income (Loss)
(Unaudited)

(In millions, except for per share amounts)	Three Months		Nine Months		
	Ended September 30, 2015	2014	Ended September 30, 2015	2014	
Revenues	\$759.2	872.5	2,295.6	2,681.1	
Costs and expenses:					
Cost of revenues	616.4	726.6	1,866.4	2,205.2	
Selling, general and administrative expenses	111.1	130.6	343.4	401.9	
Total costs and expenses	727.5	857.2	2,209.8	2,607.1	
Other operating income (expense)	(6.4	) 45.9	(62.2	) (77.8)
Operating profit (loss)	25.3	61.2	23.6	(3.8)
Interest expense	(4.8	) (6.6	) (14.4	) (18.3)
Interest and other income	0.9	0.4	1.7	1.0	
Income (loss) from continuing operations before tax	21.4	55.0	10.9	(21.1)
Provision for income taxes	14.1	26.8	37.2	39.6	
Income (loss) from continuing operations	7.3	28.2	(26.3	) (60.7)
Loss from discontinued operations, net of tax	(0.1	) (8.6	) (2.4	) (7.4)
Net income (loss)	7.2	19.6	(28.7	) (68.1)
Less net loss attributable to noncontrolling interests	(0.4	) (0.6	) (20.4	) (31.4)
Net income (loss) attributable to Brink's	7.6	20.2	(8.3	) (36.7)
Amounts attributable to Brink's					
Continuing operations	7.7	28.8	(5.9	) (29.3)
Discontinued operations	(0.1	) (8.6	) (2.4	) (7.4)
Net income (loss) attributable to Brink's	\$7.6	20.2	(8.3	) (36.7)
Earnings (loss) per share attributable to Brink's common shareholders ^(a) :					
Basic:					
Continuing operations	\$0.16	0.59	(0.12	) (0.60)
Discontinued operations	—	(0.17	) (0.05	) (0.15)
Net income (loss)	\$0.16	0.41	(0.17	) (0.75)
Diluted:					
Continuing operations	\$0.16	0.58	(0.12) (0.60)
Discontinued operations	—	(0.17) (0.05) (0.15)

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Net income (loss)	\$0.15	0.41	(0.17) (0.75)
Weighted-average shares					
Basic	49.4	49.1	49.3	49.0	
Diluted	49.9	49.4	49.3	49.0	
Cash dividends paid per common share	\$0.10	0.10	0.30	0.30	

(a) Amounts may not add due to rounding.

See accompanying notes to consolidated financial statements.

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

(In millions)	Three Months		Nine Months		
	Ended September 30, 2015	2014	Ended September 30, 2015	2014	
Net income (loss)	\$7.2	19.6	(28.7	) (68.1)
Benefit plan adjustments:					
Benefit plan experience gains	14.0	9.4	41.6	29.0	
Benefit plan prior service cost	(0.4	) (0.4	) (3.9	) (1.3)
Deferred profit sharing	(0.1	) (0.1	) 0.1	(0.1)
Total benefit plan adjustments	13.5	8.9	37.8	27.6	
Foreign currency translation adjustments	(39.8	) (50.4	) (83.3	) (46.3)
Unrealized net losses on available-for-sale securities	(0.4	) (0.3	) (0.5	) (0.4)
Losses on cash flow hedges	(0.4	) (0.1	) —	(0.1)
Other comprehensive loss before tax	(27.1	) (41.9	) (46.0	) (19.2)
Provision for income taxes	4.5	3.3	13.0	10.3	
Other comprehensive loss	(31.6	) (45.2	) (59.0	) (29.5)
Comprehensive loss	(24.4	) (25.6	) (87.7	) (97.6)
Less comprehensive loss attributable to noncontrolling interests	(2.7	) (2.7	) (23.6	) (33.1)
Comprehensive loss attributable to Brink's	\$(21.7	) (22.9	) (64.1	) (64.5)

See accompanying notes to consolidated financial statements.

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statement of Equity

Nine Months ended September 30, 2015
(Unaudited)

(In millions)	Attributable to Brink's						Attributable to Noncontrolling Interests	Total
	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss			
Balance as of December 31, 2014	48.6	\$ 48.6	584.5	592.9	(792.0	)	39.8	473.8
Net loss	—	—	—	(8.3	)	—	(20.4	) (28.7)
Other comprehensive loss	—	—	—	—	(55.8	)	(3.2	) (59.0)
Dividends to:								
Brink's common shareholders (\$0.30 per share)	—	—	—	(14.6	)	—	—	(14.6)
Noncontrolling interests	—	—	—	—	—	—	(5.1	) (5.1)
Share-based compensation:								
Stock awards and options:								
Compensation expense	—	—	11.0	—	—	—	—	11.0
Consideration from exercise of stock options	0.2	0.2	3.5	—	—	—	—	3.7
Reduction in excess tax benefit of stock compensation	—	—	(1.7	)	—	—	—	(1.7)
Other share-based benefit programs	0.1	0.1	(1.5	)	(0.1	)	—	(1.5)
Redeeming the interests of noncontrolling shareholders	—	—	(1.5	)	—	(0.3	)	0.5 (1.3)
Balance as of September 30, 2015	48.9	\$ 48.9	594.3	569.9	(848.1	)	11.6	376.6

See accompanying notes to consolidated financial statements

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statements of Cash Flows
(Unaudited)

(In millions)	Nine Months	
	Ended September 30, 2015	2014
Cash flows from operating activities:		
Net loss	\$(28.7	) (68.1
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss from discontinued operations, net of tax	2.4	7.4
Depreciation and amortization	106.3	122.5
Share-based compensation expense	11.0	16.2
Deferred income taxes	(6.7	) (11.4
Realized gains:		
Sales of available-for-sale securities	(0.3	) (0.3
Sales of property and other assets	(0.6	) (45.5
Venezuela impairment	35.3	—
Other impairment losses	1.5	1.2
Retirement benefit funding (more) less than expense:		
Pension	6.3	(80.5
Other than pension	7.2	2.0
Loss on Venezuela currency devaluation	18.1	121.6
Other operating	3.3	3.8
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable and income taxes receivable	(58.9	) (84.3
Accounts payable, income taxes payable and accrued liabilities	1.0	73.0
Customer obligations	5.1	17.1
Prepaid and other current assets	(8.3	) (4.1
Other	(1.2	) (5.1
Discontinued operations	(2.0	) 7.0
Net cash provided by operating activities	90.8	72.5
Cash flows from investing activities:		
Capital expenditures	(61.2	) (82.4
Available-for-sale securities:		
Purchases	(19.0) —
Sales	13.3	0.7
Cash proceeds from sale of property, equipment and investments	0.8	62.6
Other	0.4	(5.0
Discontinued operations	1.9	(6.1
Net cash used by investing activities	(63.8	) (30.2