

BRINKS CO
Form 10-Q
July 26, 2012

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 June 30, 2012

☐ 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
(State or other jurisdiction of
incorporation or organization)

54-1317776
(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

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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 July 24, 2012, 47,737,797 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)	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 126.9	182.9
Accounts receivable, net	600.4	550.5
Prepaid expenses and other	154.8	134.1
Deferred income taxes	75.8	66.4
Total current assets	957.9	933.9
Property and equipment, net	748.7	749.2
Goodwill	240.0	231.4
Other intangibles	58.5	63.8
Deferred income taxes	373.9	350.8
Other	81.2	77.1
Total assets	\$ 2,460.2	2,406.2
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	\$ 37.5	25.4
Current maturities of long-term debt	30.8	28.7
Accounts payable	147.3	159.5
Accrued liabilities	484.0	488.5
Total current liabilities	699.6	702.1
Long-term debt	337.5	335.3
Accrued pension costs	361.9	369.6
Retirement benefits other than pensions	317.2	315.4
Deferred income taxes	28.7	23.0
Other	179.9	178.4
Total liabilities	1,924.8	1,923.8
Commitments and contingent liabilities (notes 3, 4 and 9)		

Equity:			
The Brink's Company ("Brink's") shareholders:			
Common stock	47.6		46.9
Capital in excess of par value	570.1		559.5
Retained earnings	627.3		589.5
Accumulated other comprehensive loss	(785.1)		(787.9)
Brink's shareholders	459.9		408.0
Noncontrolling interests	75.5		74.4
Total equity	535.4		482.4
Total liabilities and equity	\$ 2,460.2		2,406.2

See accompanying notes to consolidated financial statements.

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statements of Income
(Unaudited)

(In millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	\$ 967.1	979.3	1,933.9	1,892.6
Costs and expenses:				
Cost of revenues	798.9	808.6	1,585.9	1,566.2
Selling, general and administrative expenses	140.4	142.0	280.0	263.7
Total costs and expenses	939.3	950.6	1,865.9	1,829.9
Other operating income (expense)	(1.3)	(8.3)	0.9	(5.3)
Operating profit	26.5	20.4	68.9	57.4
Interest expense	(5.4)	(5.9)	(11.7)	(11.7)
Interest and other income (expense)	0.9	1.1	4.8	5.5
Income from continuing operations before tax	22.0	15.6	62.0	51.2
Provision (benefit) for income taxes	(10.1)	5.6	6.1	17.0
Income from continuing operations	32.1	10.0	55.9	34.2
Income from discontinued operations, net of tax	-	2.6	-	3.7
Net income	32.1	12.6	55.9	37.9
Less net income attributable to noncontrolling interests	(1.6)	(4.7)	(8.4)	(10.0)
Net income attributable to Brink's	30.5	7.9	47.5	27.9
Income attributable to Brink's:				
Continuing operations	30.5	5.3	47.5	24.2
Discontinued operations	-	2.6	-	3.7
Net income attributable to Brink's	\$ 30.5	7.9	47.5	27.9
Earnings per share attributable to Brink's common shareholders:				
Basic:				
Continuing operations	\$ 0.63	0.11	0.98	0.51
Discontinued operations	-	0.05	-	0.08
Net income	0.63	0.17	0.98	0.58
Diluted:				

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Continuing operations	\$	0.63	0.11	0.98	0.50
Discontinued operations		-	0.05	-	0.08
Net income		0.63	0.16	0.98	0.58

Weighted-average shares					
Basic		48.5	47.8	48.3	47.7
Diluted		48.6	48.1	48.5	48.0

Cash dividends paid per common share	\$	0.10	0.10	0.20	0.20
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See accompanying notes to consolidated financial statements.

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
(In millions)	2012	2011	2012	2011
Net income	\$ 32.1	12.6	55.9	37.9
Other comprehensive income (loss):				
Benefit plan adjustments:				
Net experience gains (losses) arising during the period	(1.3)	(3.7)	(7.3)	(3.7)
Tax benefit (provision) related to net experience gains and losses arising during the period	0.3	1.0	2.0	1.0
Reclassification adjustment for amortization of prior net experience loss included in net income	16.5	12.6	38.0	24.2
Tax benefit related to reclassification adjustment for prior net experience loss	(5.8)	(4.4)	(13.7)	(8.7)
Prior service cost from plan amendment during the period	(12.2)	-	(12.2)	-
Tax benefit related to prior service cost from plan amendment during the period	4.2	-	4.2	-
Reclassification adjustment for amortization of prior service cost (credit) included in net income	0.9	0.9	1.8	1.8
Tax provision (benefit) related to reclassification adjustment for prior service cost (credit)	(0.2)	(0.3)	(0.5)	(0.6)
Deferred profit sharing	0.1	0.3	0.3	0.3
Benefit plan adjustments, net of tax	2.5	6.4	12.6	14.3
Foreign currency translation adjustments	(37.3)	16.3	(10.9)	39.4
Available-for-sale securities:				
Unrealized net gains (losses) on available-for-sale securities arising during the period	(0.2)	0.5	0.5	3.3
Tax benefit (provision) related to unrealized net gains and losses on available-for-sale securities	0.1	(0.2)	(0.1)	(0.4)
Reclassification adjustment for net (gains) losses realized in net income	-	-	(2.1)	(4.4)
Tax provision (benefit) related to reclassification adjustment	-	-	0.8	0.9
Unrealized net gains (losses) on available-for-sale securities, net of tax	(0.1)	0.3	(0.9)	(0.6)
Other comprehensive income (loss)	(34.9)	23.0	0.8	53.1
Comprehensive income (loss)	\$ (2.8)	35.6	56.7	91.0

Summary by Equity Interest

Amounts attributable to Brink's:

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Net income	\$ 30.5	7.9	47.5	27.9
Benefit plan adjustments	5.6	6.4	15.7	14.3
Foreign currency	(36.4)	15.6	(12.0)	38.7
Available-for-sale securities	(0.1)	0.3	(0.9)	(0.7)
Other comprehensive income (loss)	(30.9)	22.3	2.8	52.3
Comprehensive income (loss) attributable to Brink's	(0.4)	30.2	50.3	80.2
Amounts attributable to noncontrolling interests:				
Net income	1.6	4.7	8.4	10.0
Benefit plan adjustments	(3.1)	-	(3.1)	-
Foreign currency	(0.9)	0.7	1.1	0.7
Available-for-sale securities	-	-	-	0.1
Other comprehensive income (loss)	(4.0)	0.7	(2.0)	0.8
Comprehensive income (loss) attributable to noncontrolling interests	(2.4)	5.4	6.4	10.8
Comprehensive income (loss)	\$ (2.8)	35.6	56.7	91.0

See accompanying notes to consolidated financial statements.

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statement of Equity

Six Months ended June 30, 2012
(Unaudited)

		Attributable to Brink's			Accumulated		Attributable	
		Capital			Other		to	
		in			Comprehensive		Noncontrolling	
		Excess			Loss		Interests	
(In millions)	Shares	Common Stock	of Par Value	Retained Earnings				
Balance as of December 31, 2011	46.9	\$ 46.9	559.5	589.5	(787.9)		74.4	482.4
Net income	-	-	-	47.5	-		8.4	55.9
Other comprehensive income (loss)	-	-	-	-	2.8		(2.0)	0.8
Shares contributed to pension plan (see note 6)	0.4	0.4	8.6	-	-		-	9.0
Dividends:								
Brink's common shareholders (\$0.20 per share)	-	-	-	(9.4)	-		-	(9.4)
Noncontrolling interests	-	-	-	-	-		(5.7)	(5.7)
Share-based compensation								
Stock options and awards:								
Compensation expense	-	-	5.1	-	-		-	5.1
Consideration from exercise of stock options	-	-	0.1	-	-		-	0.1
Other share-based benefit programs	0.3	0.3	(3.2)	(0.3)	-		-	(3.2)
Capital contributions from noncontrolling interest	-	-	-	-	-		0.4	0.4
Balance as of June 30, 2012	47.6	\$ 47.6	570.1	627.3	(785.1)		75.5	535.4

See accompanying notes to consolidated financial statements.

