

COTT CORP /CN/
Form 10-Q
August 04, 2009
Table of Contents

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended: **June 27, 2009**

“ 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: **000-31410**

COTT CORPORATION

(Exact name of registrant as specified in its charter)

Edgar Filing: COTT CORP /CN/ - Form 10-Q

<p>CANADA (State or Other Jurisdiction of Incorporation or Organization)</p> <p>6525 VISCOUNT ROAD</p> <p>MISSISSAUGA, ONTARIO</p> <p>5519 WEST IDLEWILD AVE</p> <p>TAMPA, FLORIDA (Address of principal executive offices)</p> <p>Registrant's telephone number, including area code: (905) 672-1900 and (813) 313-1800</p>	<p>98-0154711 (IRS Employer Identification No.)</p> <p>L4V 1H6</p> <p>33634 (Zip Code)</p>
---	--

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 2009
Common Stock, no par value per share	71,871,330 shares

Table of Contents

<u>PART I FINANCIAL INFORMATION</u>		<i>I</i>
Item 1.	<u>Financial Statements</u>	1
	<u>Consolidated Statements of Operations</u>	1
	<u>Consolidated Balance Sheets</u>	2
	<u>Consolidated Statements of Equity</u>	3
	<u>Consolidated Statements of Cash Flows</u>	4
	<u>Notes to the Consolidated Financial Statements</u>	5
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	30
	<u>Overview</u>	30
	<u>Results of Operations</u>	32
	<u>Liquidity and Financial Condition</u>	37
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	44
Item 4.	<u>Controls and Procedures</u>	44
<u>PART II OTHER INFORMATION</u>		45
Item 1.	<u>Legal Proceedings</u>	45
Item 1A.	<u>Risk Factors</u>	45
Item 4.	<u>Submission of Matters to a Vote of Security Holders</u>	46
Item 6.	<u>Exhibits</u>	46
<u>SIGNATURES</u>		47
<u>Exhibit 31.1</u>		
<u>Exhibit 31.2</u>		
<u>Exhibit 32.1</u>		
<u>Exhibit 32.2</u>		

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements
Cott Corporation****Consolidated Statements of Operations***(in millions of U.S. dollars, except per share amounts)**Unaudited*

	For the Three Months Ended		For the Six Months Ended	
	June 27, 2009	June 28, 2008	June 27, 2009	June 28, 2008
Revenue, net	\$ 438.8	\$ 466.5	\$ 805.8	\$ 856.2
Cost of sales	365.5	409.5	674.3	758.4
Gross profit	73.3	57.0	131.5	97.8
Selling, general and administrative expenses	35.1	44.5	69.8	97.3
Loss on disposal of property, plant & equipment	0.1	0.1		0.3
Restructuring and asset impairments		Note 2		
Restructuring	0.4	6.7	1.6	6.7
Asset impairments	3.4	0.4	3.5	0.4
Operating income (loss)	34.3	5.3	56.6	(6.9)
Other income, net	(2.8)	(4.8)	(2.7)	(6.2)
Interest expense, net	7.5	8.0	15.1	15.7
Income (loss) before income taxes	29.6	2.1	44.2	(16.4)
Income tax (benefit) expense		Note 4		
	(5.4)	3.3	(11.6)	5.7
Net income (loss)	\$ 35.0	\$ (1.2)	\$ 55.8	\$ (22.1)
Less: Net income attributable to non-controlling interests	1.3	0.6	2.2	1.0
Net income (loss) attributed to Cott Corporation	\$ 33.7	\$ (1.8)	\$ 53.6	\$ (23.1)
Net income (loss) per common share attributed to Cott Corporation		Note 5		
Basic	\$ 0.48	\$ (0.03)	\$ 0.76	\$ (0.32)
Diluted	\$ 0.48	\$ (0.03)	\$ 0.76	\$ (0.32)
Weighted average outstanding shares (thousands) attributed to Cott Corporation				
Basic	70,472	71,136	70,472	71,502
Diluted	70,529	71,136	70,491	71,502

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**Cott Corporation****Consolidated Balance Sheets***(in millions of U.S. dollars)**Unaudited*

	June 27, 2009	December 27, 2008
ASSETS		
<i>Current assets</i>		
Cash & cash equivalents	\$ 13.2	\$ 14.7
Accounts receivable, net of allowance of \$6.8 (\$5.5 as of December 27, 2008)	207.4	164.4
Income taxes recoverable	7.7	7.7
Inventories	Note 7 119.7	111.1
Prepaid and other expenses	12.6	9.3
Deferred income taxes	3.0	3.0
Other current assets	2.2	
	365.8	310.2
Property, plant and equipment	346.4	346.8
Goodwill	Note 8 28.3	27.0
Intangibles and other assets	Note 8 156.9	169.6
Deferred income taxes	20.5	10.3
Other tax receivable	9.7	9.2
	\$ 927.6	\$ 873.1
LIABILITIES AND EQUITY		
<i>Current liabilities</i>		
Short-term borrowings	Note 9 \$ 66.6	\$ 107.5
Current maturities of long-term debt	8.0	7.6
Income taxes payable	0.9	0.1
Accounts payable and accrued liabilities	195.7	166.7
	271.2	281.9
Long-term debt	Note 9 290.7	294.4
Other long-term liabilities	Note 2 15.0	16.0
Other tax liabilities	11.2	18.3
Deferred income taxes	21.4	16.0
	609.5	626.6
Contingencies and Commitments	Note 10	
<i>Equity</i>		
Capital stock, no par - 71,871,330 (December 27, 2008 - 71,871,330) shares issued	275.0	275.0
Treasury stock	Note 11 (5.3)	(6.4)
Additional paid-in-capital	37.7	38.1
Accumulated earnings (deficit)	23.9	(29.7)

Edgar Filing: COTT CORP /CN/ - Form 10-Q

Accumulated other comprehensive loss	(30.4)	(47.8)
Total Cott Corporation's equity	300.9	229.2
Non-controlling interests	17.2	17.3
Total equity	318.1	246.5
	\$ 927.6	\$ 873.1

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**Cott Corporation****Consolidated Statements of Equity***(in millions of U.S. dollars)**Unaudited*

	Cott Corporation's Equity							Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests	Total Equity
	Number of Common Shares <i>(In thousands)</i>	Number of Treasury Shares <i>(In thousands)</i>	Common Shares	Treasury Shares	Restricted Shares	Additional Paid-in- Capital	Accumulated (Deficit) Earnings			
Balance at December 29, 2007	71,871		\$ 275.0		\$ (0.4)	\$ 32.2	\$ 93.1	\$ 32.3	\$ 19.6	\$ 451.8
Treasury Shares - Note 11		1,954		(5.4)						(5.4)
Treasury shares purchased Employee Stock Plan - Note 11		353		(1.0)		1.0				
Reclassified share-based compensation from liabilities						0.2				0.2
Restricted shares - Note 3					0.4					0.4
Share-based compensation Note 3						3.2				