

COTT CORP /CN/
Form 10-Q
May 13, 2008
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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: March 29, 2008

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)

CANADA
(State or Other Jurisdiction of Incorporation
or Organization)

NONE
(IRS Employer Identification No.)

6525 VISCOUNT ROAD

MISSISSAUGA, ONTARIO

5519 WEST IDLEWILD AVE

L4V 1H6

TAMPA, FLORIDA
(Address of principal executive offices)

33634
(Zip Code)

Registrant's telephone number, including area code: (905) 672-1900 and (813) 313-1800

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

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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

Accelerated filer

Non-accelerated filer (do not check if a smaller reporting company)

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

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 March 29, 2008
Common Stock, no par value per share	71,871,330 shares

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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	
	March 29, 2008	March 31, 2007
Revenue	\$ 389.7	\$ 400.2
Cost of sales	348.9	346.7
Gross profit	40.8	53.5
Selling, general and administrative expenses	52.8	37.7
Loss on disposal of property, plant & equipment	0.2	
Restructuring - Note 2		0.3
Operating (loss) income	(12.2)	15.5
Other (income) loss, net	(1.4)	0.2
Interest expense, net	7.7	7.8
Minority interest	0.4	0.7
(Loss) income before income taxes	(18.9)	6.8
Income tax expense - Note 5	2.4	2.0
Net (loss) income	\$ (21.3)	\$ 4.8
Net (loss) income per common share - Note 7		
Basic	\$ (0.30)	\$ 0.07
Diluted	\$ (0.30)	\$ 0.07
Weighted average outstanding shares (thousands)		
Basic	71,871	71,752
Diluted	71,871	71,795

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*

	March 29, 2008	December 29, 2007
ASSETS		
<i>Current assets</i>		
Cash	\$ 21.4	\$ 27.4
Accounts receivable, net of allowance for bad debt of \$4.8 million (\$4.9 million as of December 29, 2007)	199.0	199.9
Income taxes recoverable	28.0	32.8
Inventories - Note 9	135.5	130.1
Prepaid and other expenses	10.7	10.2
Deferred income taxes	0.1	2.5
	394.7	402.9
Property, plant and equipment	392.4	388.4
Goodwill	106.9	108.3
Intangibles and other assets - Note 10	232.6	236.0
Deferred income taxes	13.3	13.3
	\$ 1,139.9	\$ 1,148.9
LIABILITIES AND SHAREOWNERS EQUITY		
<i>Current liabilities</i>		
Short-term borrowings - Note 11	\$ 144.8	\$ 137.0
Current maturities of long-term debt - Note 11	17.2	2.4
Accounts payable and accrued liabilities	196.0	199.9
	358.0	339.3
Long-term debt - Note 11	268.3	269.0
Other long-term liabilities	17.9	18.1
Other tax liabilities	36.8	36.6
Deferred income taxes	30.3	34.1
	711.3	697.1
Contingencies and Commitments - Note 12		
Subsequent events - Note 13		
<i>Minority interest</i>	18.9	19.6
<i>Shareowners equity</i>		
Capital stock	275.0	275.0
Restricted shares		(0.4)
Additional paid-in-capital	33.8	32.2
Retained earnings	71.8	93.1
Accumulated other comprehensive income	29.1	32.3
	409.7	432.2

\$ 1,139.9 \$ 1,148.9

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

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

	Number of Common Shares (In thousands)	Common Shares	Restricted Shares	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance at December 30, 2006	71,750	\$ 273.4	\$ (0.7)	\$ 29.8	\$ 168.7	\$ 17.5	\$ 488.7
Options exercised Note 4	5						
Restricted shares Note 4			0.1				0.1
Share based compensation Note 4				2.5			2.5
Change in accounting policy				(4.6)	(4.3)		(8.9)
Currency translation adjustment						1.1	1.1
Net income					4.8		4.8
<i>Other comprehensive income</i>							5.9
Balance at March 31, 2007	71,755	\$ 273.4	\$ (0.6)	\$ 27.7	\$ 169.2	\$ 18.6	\$ 488.3
Balance at December 29, 2007	71,871	\$ 275.0	\$ (0.4)	\$ 32.2	\$ 93.1	\$ 32.3	\$ 432.2
Restricted shares Note 4			0.4				0.4
Share-based compensation Note 4				1.9			1.9
Modification of equity award Note 4				(0.3)			(0.3)
Comprehensive loss Note 6							
Currency translation adjustment						(3.1)	(3.1)
Pension liabilities						(0.1)	(0.1)
Net loss					(21.3)		(21.3)
<i>Other comprehensive loss</i>							(24.5)
Balance at March 29, 2008	71,871	\$ 275.0	\$	\$ 33.8	\$ 71.8	\$ 29.1	\$ 409.7

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

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

	For the three months ended	
	March 29, 2008	March 31, 2007
Operating Activities		
Net (loss) income	\$ (21.3)	\$ 4.8
Depreciation and amortization	20.9	17.9
Amortization of financing fees	0.2	0.3
Share-based compensation expense	3.6	2.5
Deferred income taxes	(1.0)	0.2
Increase in other income tax liabilities	1.1	0.8
Minority interest	0.4	0.7
Loss on disposal of property, plant & equipment	0.2	
Other non-cash items	(0.2)	0.3
Change in accounts receivable	(0.3)	(9.3)
Change in inventories	(6.4)	(16.2)
Change in prepaid expenses and other current assets	(0.6)	(1.6)
Change in accounts payable and accrued liabilities	(2.5)	13.4
Change in income taxes recoverable	4.8	1.6