

COTT CORP /CN/  
Form 10-Q  
November 10, 2010  
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: October 2, 2010

.. **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: 001-31410

**COTT CORPORATION**

(Exact name of registrant as specified in its charter)

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

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

<b>Class</b>	<b>Outstanding at November 9, 2010</b>
Common Stock, no par value per share	94,750,120 shares

**Table of Contents**

<b><i>PART I FINANCIAL INFORMATION</i></b>	<b><i>1</i></b>
<b>Item 1. <u>Financial Statements</u></b>	<b>1</b>
<u>Consolidated Statements of Operations</u>	1
<u>Consolidated Balance Sheets</u>	2
<u>Consolidated Statements of Cash Flows</u>	3
<u>Consolidated Statements of Equity</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income</u>	5
<u>Notes to the Consolidated Financial Statements</u>	6
<b>Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	<b>33</b>
<u>Overview</u>	33
<u>Results of Operations</u>	36
<u>Liquidity and Financial Condition</u>	43
<b>Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u></b>	<b>48</b>
<b>Item 4. <u>Controls and Procedures</u></b>	<b>48</b>
<b><i>PART II OTHER INFORMATION</i></b>	<b><i>49</i></b>
<b>Item 1. <u>Legal Proceedings</u></b>	<b>49</b>
<b>Item 1A. <u>Risk Factors</u></b>	<b>49</b>
<b>Item 6. <u>Exhibits</u></b>	<b>50</b>
<b><u>SIGNATURES</u></b>	<b>51</b>
<b><u>Exhibit 31.1</u></b>	
<b><u>Exhibit 31.2</u></b>	
<b><u>Exhibit 32.1</u></b>	
<b><u>Exhibit 32.2</u></b>	

**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 Nine Months Ended	
	October 2, 2010	September 26, 2009	October 2, 2010	September 26, 2009
<b>Revenue, net</b>	<b>\$ 490.6</b>	<b>\$ 404.9</b>	<b>\$ 1,278.2</b>	<b>\$ 1,210.7</b>
Cost of sales	<b>419.8</b>	341.1	<b>1,076.7</b>	1,015.4
<b>Gross profit</b>	<b>70.8</b>	63.8	<b>201.5</b>	195.3
Selling, general and administrative expenses	<b>47.3</b>	36.9	<b>114.2</b>	106.7
Loss on disposal of property, plant & equipment	<b>0.3</b>		<b>0.4</b>	
Restructuring and asset impairments				
Restructuring			<b>(0.5)</b>	1.6
Asset impairments				3.5
<b>Operating income</b>	<b>23.2</b>	26.9	<b>87.4</b>	83.5
Other expense, net	<b>1.3</b>	3.2	<b>3.6</b>	0.5
Interest expense, net	<b>10.3</b>	7.6	<b>22.6</b>	22.7
<b>Income before income taxes</b>	<b>11.6</b>	16.1	<b>61.2</b>	60.3
Income tax (benefit) expense	<b>1.9</b>	0.9	<b>15.1</b>	(10.7)
<b>Net income</b>	<b>\$ 9.7</b>	<b>\$ 15.2</b>	<b>\$ 46.1</b>	<b>\$ 71.0</b>
Less: Net income attributable to non-controlling interests	<b>1.4</b>	1.3	<b>4.0</b>	3.5
<b>Net income attributed to Cott Corporation</b>	<b>\$ 8.3</b>	<b>\$ 13.9</b>	<b>\$ 42.1</b>	<b>\$ 67.5</b>
<b>Net income per common share attributed to Cott Corporation</b>				
Basic	<b>\$ 0.10</b>	\$ 0.18	<b>\$ 0.51</b>	\$ 0.93
Diluted	<b>\$ 0.09</b>	\$ 0.18	<b>\$ 0.50</b>	\$ 0.92
<b>Weighted average outstanding shares (millions) attributed to Cott Corporation</b>				
Basic	<b>87.2</b>	76.6	<b>82.7</b>	72.5
Diluted	<b>89.0</b>	77.0	<b>83.5</b>	73.1

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

*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, except share amounts)**Unaudited*

	October 2, 2010	January 2, 2010
<b>ASSETS</b>		
<i>Current assets</i>		
Cash & cash equivalents	\$ 35.4	\$ 30.9
Accounts receivable, net of allowance of \$7.4 (\$5.9 as of January 2, 2010)	237.8	152.3
Income taxes recoverable	8.2	20.8
Inventories	206.2	99.7
Prepaid expenses and other assets	19.0	16.8
<b>Total current assets</b>	<b>506.6</b>	320.5
Property, plant and equipment	508.8	343.0
Goodwill	127.1	30.6
Intangibles and other assets	379.9	155.5
Deferred income taxes	7.9	5.4
Other tax receivable	6.7	18.8
<b>Total assets</b>	<b>\$ 1,537.0</b>	\$ 873.8
<b>LIABILITIES AND EQUITY</b>		
<i>Current liabilities</i>		
Short-term borrowings	\$ 50.3	\$ 20.2
Current maturities of long-term debt	5.9	17.6
Accounts payable and accrued liabilities	313.8	169.3
<b>Total current liabilities</b>	<b>370.0</b>	207.1
Long-term debt	606.6	233.2
Deferred income taxes	18.5	17.5
Other long-term liabilities	19.8	14.7
<b>Total liabilities</b>	<b>1,014.9</b>	472.5
Contingencies and Commitments - Note 11		
<i>Equity</i>		
Capital shares, no par - 94,750,120 (January 2, 2010 - 81,331,330) shares issued	395.6	322.5
Treasury shares	(3.2)	(4.4)
Additional paid-in-capital	39.1	37.4
Retained earnings	93.9	51.8
Accumulated other comprehensive loss	(17.1)	(21.3)
<b>Total Cott Corporation equity</b>	<b>508.3</b>	386.0

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

Non-controlling interests	13.8	15.3
<b>Total equity</b>	<b>522.1</b>	<b>401.3</b>
<b>Total liabilities and equity</b>	<b>\$ 1,537.0</b>	<b>\$ 873.8</b>

*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		For the Nine Months Ended	
	October 2, 2010	September 26, 2009	October 2, 2010	September 26, 2009
<b>Operating Activities</b>				
Net income	\$ 9.7	\$ 15.2	\$ 46.1	\$ 71.0
Depreciation & amortization	19.1	16.4	49.9	49.7
Amortization of financing fees	0.6	0.4	1.6	1.0
Share-based compensation expense	1.1	0.4	2.8	1.2
Increase in deferred income taxes	9.7		9.6	2.9
Decrease in other income tax liabilities		(0.1)		(16.6)
Write-off of financing fees	1.4		1.4	
Loss on disposal of property, plant & equipment	0.3		0.4	
Gain on buyback of Notes		0.2	0.1	0.2
Asset impairments				3.5
Lease contract termination loss				