

BOWNE & CO INC
Form 10-Q
November 05, 2010

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

- þ** **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2010
- o** **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 1-5842

Bowne & Co., Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

13-2618477

*(I.R.S. Employer
Identification Number)*

55 Water Street

New York, New York

(Address of principal executive offices)

10041

(Zip Code)

(212) 924-5500

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 to 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

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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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The Registrant had 40,112,071 shares of Common Stock outstanding as of November 1, 2010.

TABLE OF CONTENTS

Form 10-Q		
Item No.	Name of Item	Page
<u>PART I</u>		
<u>Item 1.</u>	<u>Financial Statements</u>	3
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	34
<u>Item 4.</u>	<u>Controls and Procedures</u>	35
<u>PART II</u>		
<u>Item 1.</u>	<u>Legal Proceedings</u>	36
<u>Item 1A.</u>	<u>Risk Factors</u>	36
<u>Item 6.</u>	<u>Exhibits</u>	37
<u>EX-31.1</u>		
<u>EX-31.2</u>		
<u>EX-32.1</u>		
<u>EX-32.2</u>		
<u>EX-101 INSTANCE DOCUMENT</u>		
<u>EX-101 SCHEMA DOCUMENT</u>		
<u>EX-101 CALCULATION LINKBASE DOCUMENT</u>		
<u>EX-101 LABELS LINKBASE DOCUMENT</u>		
<u>EX-101 PRESENTATION LINKBASE DOCUMENT</u>		

Table of Contents

PART I

FINANCIAL INFORMATION

Item 1. *Financial Statements*

BOWNE & CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands, except per share data)	
Revenue	\$ 150,256	\$ 148,763
Expenses:		
Cost of revenue (exclusive of depreciation and amortization shown below)	107,662	100,476
Selling and administrative (exclusive of depreciation and amortization shown below)	41,184	44,497
Depreciation	6,991	6,190
Amortization	1,367	1,366
Restructuring, integration and asset impairment charges	854	4,220
Merger related expenses	5,076	
	163,134	156,749
Operating loss	(12,878)	(7,986)
Interest expense	(844)	(1,796)
Loss on extinguishment of debt		(777)
Other expense, net	(383)	(1,026)
Loss from continuing operations before income taxes	(14,105)	(11,585)
Income tax benefit	2,355	4,163
Loss from continuing operations	(11,750)	(7,422)
Loss from discontinued operations, net of tax	(68)	(51)
Net loss	\$ (11,818)	\$ (7,473)
Loss per share from continuing operations:		
Basic	\$ (0.29)	\$ (0.21)
Diluted	\$ (0.29)	\$ (0.21)

Loss per share from discontinued operations:			
Basic	\$	(0.00)	\$ (0.00)
Diluted	\$	(0.00)	\$ (0.00)
Total loss per share:			
Basic	\$	(0.29)	\$ (0.21)
Diluted	\$	(0.29)	\$ (0.21)
Dividends per share (2010 dividends were paid in cash, 2009 were paid in stock)			
	\$	0.055	\$ 0.055

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**BOWNE & CO., INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Nine Months Ended September 30,	
	2010	2009
	(Unaudited)	
	(In thousands, except per share data)	
Revenue	\$ 533,198	\$ 506,844
Expenses:		
Cost of revenue (exclusive of depreciation and amortization shown below)	357,175	338,302
Selling and administrative (exclusive of depreciation and amortization shown below)	134,472	132,974
Depreciation	20,913	20,647
Amortization	4,100	4,100
Restructuring, integration and asset impairment charges	7,111	21,184
Merger related expenses	11,217	
	534,988	517,207
Operating loss	(1,790)	(10,363)
Interest expense	(2,885)	(5,148)
Loss on extinguishment of debt		(777)
Other income (expense), net	953	(1,182)
Loss from continuing operations before income taxes	(3,722)	(17,470)
Income tax (expense) benefit	(1,998)	4,447
Loss from continuing operations	(5,720)	(13,023)
Loss from discontinued operations, net of tax	(175)	(222)
Net loss	\$ (5,895)	\$ (13,245)
Loss per share from continuing operations:		
Basic	\$ (0.14)	\$ (0.43)
Diluted	\$ (0.14)	\$ (0.43)
Loss per share from discontinued operations:		
Basic	\$ (0.00)	\$ (0.01)
Diluted	\$ (0.00)	\$ (0.01)
Total loss per share:		
Basic	\$ (0.14)	\$ (0.44)
Diluted	\$ (0.14)	\$ (0.44)

Dividends per share (2010 dividends were paid in cash, 2009 were paid in stock)	\$	0.165	\$	0.165
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See Notes to Condensed Consolidated Financial Statements.

Table of Contents**BOWNE & CO., INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three Months Ended September 30, 2010 2009 (Unaudited) (In thousands)	
Net loss	\$ (11,818)	\$ (7,473)
Recognition of previously unrecognized pension adjustments, net of taxes of \$483 and \$323 for 2010 and 2009, respectively	682	456
Foreign currency translation adjustments	2,068	2,780
Net unrealized gain (loss) from marketable securities during the period, net of taxes of \$0 and \$1 for 2010 and 2009, respectively		(1)
Comprehensive loss	\$ (9,068)	\$ (4,238)

	Nine Months Ended September 30, 2010 2009 (Unaudited) (In thousands)	
Net loss	\$ (5,895)	\$ (13,245)
Recognition of previously unrecognized pension adjustments, net of taxes of \$1,450 and \$10,570 for 2010 and 2009, respectively	2,044	14,900
Foreign currency translation adjustments	691	5,415
Net unrealized loss from marketable securities during the period, net of taxes of \$13 and \$1 for 2010 and 2009, respectively	(18)	(2)
Reclassification adjustments for unrealized holding losses on marketable securities that were sold during the period, net of taxes of \$85 and \$0 for 2010 and 2009, respectively	132	
Comprehensive (loss) income	\$ (3,046)	\$ 7,068

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**BOWNE & CO., INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2010	December 31, 2009
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 34,845	\$ 22,061
Marketable securities	293	210
Accounts receivable, less allowances of \$3,388 (2010) and \$4,554 (2009)	113,901	105,067
Inventories	29,080	26,831
Prepaid expenses and other current assets	36,407	46,702
Total current assets	214,526	200,871
Marketable securities, noncurrent		2,920
Property, plant and equipment at cost, less accumulated depreciation of \$279,046 (2010) and \$269,490 (2009)	110,601	117,218
Other noncurrent assets:		
Goodwill	51,162	51,076
Intangible assets, less accumulated amortization of \$16,377 (2010) and \$12,273 (2009)	32,303	36,397
Deferred income taxes	42,196	40,817
Other	10,453	11,575
Total assets	\$ 461,241	\$ 460,874
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 8,715	\$ 8,559
Accounts payable	38,062	47,243
Employee compensation and benefits	29,641	25,575
Accrued expenses and other obligations	44,345	34,973
Total current liabilities	120,763	116,350
Other liabilities:		
Long-term debt and capital lease obligations net of current portion	15,515	5,719
Deferred employee compensation	61,909	66,943
Deferred rent	17,231	18,813
Other	2,145	1,582
Total liabilities	217,563	209,407
Commitments and contingencies		

Stockholders' equity:

Preferred stock:

Authorized 1,000,000 shares, par value \$.01 issuable in series none issued

Common stock:

Authorized 60,000,000 shares, par value \$.01, issued 44,215,645 shares and outstanding 40,108,419 shares, net of treasury shares of 4,107,226 (2010);

issued 44,216,895 shares and outstanding 40,084,752 shares, net of treasury shares of 4,132,143 (2009)

Additional paid-in capital

Retained earnings

Treasury stock, at cost, 4,107,226 shares (2010) and 4,132,143 shares (2009)

Accumulated other comprehensive loss, net

	442	442
	34,393	32,699
	280,392	293,040
	(54,825)	(55,140)
	(16,724)	(19,574)
 Total stockholders' equity	 243,678	 251,467
 Total liabilities and stockholders' equity	 \$ 461,241	 \$ 460,874

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**BOWNE & CO., INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine Months Ended September 30, 2010 2009 (Unaudited) (In thousands)	
Cash flows from operating activities:		
Net loss	\$ (5,895)	\$ (13,245)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Net loss from discontinued operations	175	222
Depreciation	20,913	20,647
Amortization	4,100	4,100
Asset impairment charges	2,359	2,450
Loss on extinguishment of debt		777
Changes in other assets and liabilities, net of acquisitions, discontinued operations and certain non-cash transactions	(499)	(7,535)
Net cash used in operating activities of discontinued operations	(607)	(1,087)
Net cash provided by operating activities	20,546	6,329
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(15,462)	(10,556)
Proceeds from the sale of marketable securities and other assets	4,799	758
Other		(195)
Net cash used in investing activities	(10,663)	(9,993)
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility, net of debt issuance costs in 2009	48,959	38,542
Payment of debt and capital lease obligations	(39,440)	(99,044)
Proceeds from equity offering, net of equity issuance costs		67,828
Payment of cash dividends	(6,753)	
Proceeds from stock options exercised	25	
Other	22	
Net cash provided by financing activities		