

BRINKS CO  
Form 10-Q  
July 25, 2018

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, 2018

☐ 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 54-1317776  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) 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 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 ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 23, 2018, 50,951,815 shares of \$1 par value common stock were outstanding.

Part I - Financial Information  
Item 1. Financial Statements  
THE BRINK'S COMPANY  
and subsidiaries

Condensed Consolidated Balance Sheets  
(Unaudited)

(In millions) June 30,    December 31,  
2018        2017

ASSETS

Current assets:

Cash and cash equivalents	\$548.5	614.3
Restricted cash	101.6	112.6
Accounts receivable, net	595.7	642.3
Prepaid expenses and other	151.6	119.0
Total current assets	1,397.4	1,488.2

Property and equipment, net	627.4	640.9
Goodwill	375.0	453.7
Other intangibles	77.0	105.7
Deferred income taxes	227.2	226.2
Other	166.4	144.9

Total assets	\$2,870.4	3,059.6
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LIABILITIES AND EQUITY

Current liabilities:

Short-term borrowings	\$41.4	45.2
Current maturities of long-term debt	53.3	51.9
Accounts payable	157.4	174.6
Accrued liabilities	470.4	488.5
Restricted cash held for customers	57.0	74.7
Total current liabilities	779.5	834.9

Long-term debt	1,133.9	1,139.6
Accrued pension costs	188.6	208.8
Retirement benefits other than pensions	359.0	362.8
Deferred income taxes	20.2	25.1
Other	144.1	150.2
Total liabilities	2,625.3	2,721.4

Commitments and contingent liabilities (notes 4, 8 and 13)

Equity:

The Brink's Company ("Brink's") shareholders:

Common stock, par value \$1 per share:

Shares authorized: 100.0

Shares issued and outstanding: 2018 - 51.0; 2017 - 50.5	51.0	50.5
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Capital in excess of par value	631.6	628.6
Retained earnings	467.4	564.9
Accumulated other comprehensive loss	(927.0 )	(926.6 )
Brink's shareholders	223.0	317.4
Noncontrolling interests	22.1	20.8
Total equity	245.1	338.2
Total liabilities and equity	\$2,870.4	3,059.6

See accompanying notes to condensed consolidated financial statements.

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THE BRINK'S COMPANY  
and subsidiaries

Condensed Consolidated Statements of Operations  
(Unaudited)

(In millions, except for per share amounts)	Three Months		Six Months	
	Ended June 30, 2018	2017	Ended June 30, 2018	2017
Revenues	\$849.7	805.9	\$1,728.8	1,594.3
Costs and expenses:				
Cost of revenues	666.8	628.9	1,360.4	1,239.2
Selling, general and administrative expenses	119.9	122.8	243.0	229.9
Total costs and expenses	786.7	751.7	1,603.4	1,469.1
Other operating income (expense)	(1.3 )	(5.9 )	1.1	(6.0 )
Operating profit	61.7	48.3	126.5	119.2
Interest expense	(15.8 )	(6.0 )	(30.8 )	(10.8 )
Loss on deconsolidation of Venezuela operations	(126.7 )	—	(126.7 )	—
Interest and other income (expense)	(8.1 )	(11.4 )	(21.2 )	(22.6 )
Income (loss) from continuing operations before tax	(88.9 )	30.9	(52.2 )	85.8
Provision for income taxes	18.6	17.3	30.0	31.7
Income (loss) from continuing operations	(107.5 )	13.6	(82.2 )	54.1
Income (loss) from discontinued operations, net of tax	(0.1 )	(0.1 )	0.1	(0.1 )
Net income (loss)	(107.6 )	13.5	(82.1 )	54.0
Less net income (loss) attributable to noncontrolling interests	0.3	(0.7 )	3.5	5.1
Net income (loss) attributable to Brink's	(107.9 )	14.2	(85.6 )	48.9
Amounts attributable to Brink's				
Continuing operations	(107.8 )	14.3	(85.7 )	49.0
Discontinued operations	(0.1 )	(0.1 )	0.1	(0.1 )
Net income (loss) attributable to Brink's	\$(107.9)	14.2	\$(85.6)	48.9
Income (loss) per share attributable to Brink's common shareholders <sup>(a)</sup> :				
Basic:				
Continuing operations	\$(2.11 )	0.28	\$(1.68 )	0.97
Discontinued operations	—	—	—	—
Net income	\$(2.11 )	0.28	\$(1.68 )	0.97
Diluted:				
Continuing operations	\$(2.11 )	0.28	\$(1.68 )	0.95
Discontinued operations	—	—	—	—

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Net income				
Weighted-average shares				
Basic	51.2	50.7	51.0	50.6
Diluted	51.2	51.6	51.0	51.5
Cash dividends paid per common share	\$0.15	0.15	\$0.30	0.25

(a) Amounts may not add due to rounding.

See accompanying notes to condensed consolidated financial statements.

THE BRINK'S COMPANY  
and subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Loss)  
(Unaudited)

(In millions)	Three Months		Six Months	
	Ended June 30, 2018	2017	Ended June 30, 2018	2017
Net income (loss)	\$(107.6)	13.5	\$(82.1)	54.0
Benefit plan adjustments:				
Benefit plan actuarial gains	22.9	11.1	37.7	22.9
Benefit plan prior service credits (costs)	1.1	(0.7)	0.3	(1.2)
Deferred profit sharing	—	0.1	—	0.1
Total benefit plan adjustments	24.0	10.5	38.0	21.8
Foreign currency translation adjustments	(31.8)	5.7	(30.8)	32.9
Unrealized net gains on available-for-sale securities	—	0.5	—	0.7
Gains (losses) on cash flow hedges	0.2	(0.1)	0.6	(0.1)
Other comprehensive income (loss) before tax	(7.6)	16.6	7.8	55.3
Provision for income taxes	3.8	4.4	7.0	8.8
Other comprehensive income (loss)	(11.4)	12.2	0.8	46.5
Comprehensive income (loss)	(119.0)	25.7	(81.3)	100.5
Less comprehensive income (loss) attributable to noncontrolling interests	(0.7)	(2.5)	3.6	4.4
Comprehensive income (loss) attributable to Brink's	\$(118.3)	28.2	\$(84.9)	96.1

See accompanying notes to condensed consolidated financial statements.

THE BRINK'S COMPANY  
and subsidiaries

Condensed Consolidated Statements of Equity

Six Months ended June 30, 2018 and 2017  
(Unaudited)

(In millions)	Attributable to Brink's						
	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Attributable to Noncontrolling Interests	Total
Balance as of December 31, 2016	50.0	\$ 50.0	618.1	576.0	(907.0 )	17.7	354.8
Net income	—	—	—	48.9	—	5.1	54.0
Other comprehensive income	—	—	—	—	47.2	(0.7 )	46.5
Dividends to:							
Brink's common shareholders (\$0.25 per share)	—	—	—	(12.6 )	—	—	(12.6 )
Noncontrolling interests	—	—	—	—	—	(2.6 )	(2.6 )
Share-based compensation:							
Stock awards and options:							
Compensation expense	—	—	8.5	—	—	—	8.5
Consideration from exercise of stock options	—	—	2.6	—	—	—	2.6
Other share-based benefit transactions	0.4	0.4	(8.8 )	—	—	—	(8.4 )
Balance as of June 30, 2017	50.4	\$ 50.4	620.4	612.3	(859.8 )	19.5	442.8

(In millions)	Attributable to Brink's						
	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Attributable to Noncontrolling Interests	Total
Balance as of December 31, 2017	50.5	\$ 50.5	628.6	564.9	(926.6 )	20.8	338.2
Cumulative effect of change in accounting principle <sup>(a)</sup>	—	—	—	3.3	(1.1 )	—	2.2
Net income (loss)	—	—	—	(85.6 )	—	3.5	(82.1 )
Other comprehensive income	—	—	—	—	0.7	0.1	0.8
Dividends to:							
Brink's common shareholders (\$0.30 per share)	—	—	—	(15.2 )	—	—	(15.2 )
Noncontrolling interests	—	—	—	—	—	(1.9 )	(1.9 )
Share-based compensation:							
Stock awards and options:							