

CAMBREX CORP
Form 10-Q
May 02, 2014

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 31, 2014

OR
 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 1-10638

CAMBREX CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE 22-2476135
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

ONE MEADOWLANDS PLAZA, EAST RUTHERFORD, NEW JERSEY 07073
(Address of principal executive offices)

(201) 804-3000
(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 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 (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 Act). Yes No

As of April 30, 2014, there were 30,622,265 shares outstanding of the registrant's Common Stock, \$.10 par value.

CAMBREX CORPORATION AND SUBSIDIARIES

Table of Contents

	<u>Page No.</u>
Part I <u>Financial Information</u>	
Item 1. Financial Statements.	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Income Statements</u>	4
<u>Consolidated Statements of Comprehensive Income</u>	5
<u>Consolidated Statements of Cash Flows</u>	6
<u>Notes to Consolidated Financial Statements</u>	7 - 19
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	20- 22
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk.</u>	23
Item 4. <u>Controls and Procedures.</u>	23
Part II <u>Other Information</u>	
Item 1. <u>Legal Proceedings.</u>	24
Item 1A. <u>Risk Factors.</u>	24
Item 6. <u>Exhibits.</u>	24
<u>Signatures</u>	25

Table of Contents

Forward-Looking Statements

This document contains and incorporates by reference forward-looking statements including statements regarding expected performance, including, but not limited to, the Company's belief that cash flows from operations, along with funds available from the revolving line of credit, will be adequate to meet the operational and debt servicing needs of the Company, as well as other statements relating to expectations with respect to sales, the timing of orders, research and development expenditures, earnings per share, capital expenditures, the outcome of pending litigation (including environmental proceedings and remediation investigations) and related estimates of potential liability, acquisitions, divestitures, collaborations or other expansion opportunities. These statements may be identified by the fact that they use words such as "may," "will," "could," "should," "would," "expect," "anticipate," "intend," "estimate," "believe" or similar. Any forward-looking statements contained herein are based on current plans and expectations and involve risks and uncertainties that could cause actual outcomes and results to differ materially from current expectations. The factors described in Item 1A of Part I contained in the Company's Annual Report on Form 10-K for the period ended December 31, 2013, captioned "Risk Factors," or otherwise described in the Company's filings with the Securities and Exchange Commission, provide examples of such risks and uncertainties that may cause the Company's actual results to differ materially from the expectations the Company describes in its forward-looking statements, including, but not limited to, pharmaceutical outsourcing trends, competitive pricing or product developments, government legislation and regulations (particularly environmental issues), tax rates, interest rates, technology, manufacturing and legal issues, including the outcome of outstanding litigation, changes in foreign exchange rates, uncollectible receivables, the timing of orders, loss on disposition of assets, cancellation or delays in renewal of contracts, lack of suitable raw materials or packaging materials, the Company's ability to receive regulatory approvals for its products and continued demand in the U.S. for late stage clinical products or the successful outcome of the Company's investment in new products.

The forward-looking statements are based on the beliefs and assumptions of Company management and the information available to Company management as of the date of this report. The Company cautions investors not to place significant reliance on expectations regarding future results, levels of activity, performance, achievements or other forward-looking statements. The information contained in this Quarterly Report on Form 10-Q is provided by the Company as of the date hereof, and, unless required by law, the Company does not undertake and specifically disclaims any obligation to update these forward-looking statements contained in this Quarterly Report on Form 10-Q as a result of new information, future events or otherwise.

Table of ContentsPart I - FINANCIAL INFORMATION

Item 1. Financial Statements

CAMBREX CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except share data)

	March 31, 2014 (unaudited)	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,780	\$ 22,745
Trade receivables, net	41,674	71,276
Other receivables	11,803	12,943
Inventories, net	98,738	89,965
Prepaid expenses and other current assets	8,241	5,631
Total current assets	182,236	202,560
Property, plant and equipment, net	169,600	171,966
Goodwill	38,663	38,670
Intangible assets, net	3,944	4,011
Investments in and advances to partially-owned affiliates	13,864	13,364
Deferred income taxes	29,703	19,799
Other non-current assets	6,650	7,667
Total assets	\$ 444,660	\$ 458,037
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 26,869	\$ 29,052
Deferred revenue	23,217	20,121
Accrued expenses and other current liabilities	41,784	48,098
Total current liabilities	91,870	97,271
Long-term debt	60,000	79,250
Deferred income taxes	22,852	12,835
Accrued pension benefits	38,954	40,123
Other non-current liabilities	17,662	18,338
Total liabilities	231,338	247,817
Stockholders' equity:		
Common stock, \$.10 par value; authorized 100,000,000, issued 32,379,795 and 32,240,795 shares at respective dates	3,237	3,223
Additional paid-in capital	112,022	109,765
Retained earnings	132,160	131,178
Treasury stock, at cost, 1,757,530 and 1,757,530 shares at respective dates	(14,984)	(14,984)
Accumulated other comprehensive loss	(19,113)	(18,962)

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Total stockholders' equity	213,322	210,220
Total liabilities and stockholders' equity	\$ 444,660	\$ 458,037

See accompanying notes to unaudited consolidated financial statements.

3

Table of Contents

CAMBREX CORPORATION AND SUBSIDIARIES

Consolidated Income Statements

(unaudited – in thousands, except per share data)

	Three months ended March 31,	
	2014	2013
Gross sales	\$66,192	\$74,581
Commissions, allowances and rebates	549	163
Net sales	65,643	74,418
Other revenue	462	467
Net revenues	66,105	74,885
Cost of goods sold	49,527	50,136
Gross profit	16,578	24,749
Operating expenses:		
Selling, general and administrative expenses	11,633	11,104
Research and development expenses	2,475	2,194
Total operating expenses	14,108	13,298