

COTT CORP /CN/
Form 10-Q
May 11, 2011
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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: April 2, 2011

.. **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)

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

Class	Outstanding at May 11, 2011
Common Stock, no par value per share	94,750,120 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	
	April 2, 2011	April 3, 2010
Revenue, net	\$ 534.1	\$ 362.9
Cost of sales	464.5	305.7
Gross profit	69.6	57.2
Selling, general and administrative expenses	45.1	32.4
Loss on disposal of property, plant & equipment		0.2
Restructuring		(0.5)
Operating income	24.5	25.1
Other expense, net	0.8	1.8
Interest expense, net	14.4	6.2
Income before income taxes	9.3	17.1
Income tax expense	1.6	4.4
Net income	\$ 7.7	\$ 12.7
Less: Net income attributable to non-controlling interests	0.9	1.2
Net income attributed to Cott Corporation	\$ 6.8	\$ 11.5
Net income per common share attributed to Cott Corporation		
Basic	\$ 0.07	\$ 0.14
Diluted	\$ 0.07	\$ 0.14
Weighted average outstanding shares (thousands) attributed to Cott Corporation		
Basic	94,076	80,374
Diluted	95,328	80,840

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*

	April 2, 2011	January 1, 2011
ASSETS		
<i>Current assets</i>		
Cash & cash equivalents	\$ 35.8	\$ 48.2
Accounts receivable, net of allowance of \$7.3 (\$8.3 as of January 1, 2011)	245.8	213.6
Income taxes recoverable	4.8	0.3
Inventories	223.1	215.5
Prepaid expenses and other assets	31.0	32.7
Total current assets	540.5	510.3
Property, plant & equipment	506.6	503.8
Goodwill	131.1	130.2
Intangibles and other assets	362.3	371.1
Deferred income taxes	2.2	2.5
Other tax receivable	10.1	11.3
Total assets	\$ 1,552.8	\$ 1,529.2
LIABILITIES AND EQUITY		
<i>Current liabilities</i>		
Short-term borrowings	\$ 35.2	\$ 7.9
Current maturities of long-term debt	5.9	6.0
Contingent consideration earn-out	32.9	32.2
Accounts payable and accrued liabilities	257.8	276.6
Total current liabilities	331.8	322.7
Long-term debt	604.4	605.5
Deferred income taxes	43.0	43.6
Other long-term liabilities	21.3	22.2
Total liabilities	1,000.5	994.0
Commitments and Contingencies - Note 10		
<i>Equity</i>		
Capital stock, no par - 94,750,120 shares issued	395.6	395.6
Treasury stock	(2.1)	(3.2)
Additional paid-in-capital	40.8	40.8
Retained earnings	113.3	106.5
Accumulated other comprehensive loss	(7.6)	(17.5)
Total Cott Corporation equity	540.0	522.2

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Non-controlling interests	12.3	13.0
Total equity	552.3	535.2
Total liabilities and equity	\$ 1,552.8	\$ 1,529.2

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	
	April 2, 2011	April 3, 2010
Operating Activities		
Net income	\$ 7.7	\$ 12.7
Depreciation & amortization	23.6	15.9
Amortization of financing fees	0.9	0.5
Share-based compensation expense	1.1	0.5
Increase (decrease) in deferred income taxes	0.9	(0.1)
Loss on disposal of property, plant & equipment		0.2
Loss on buyback of Notes		0.1
Contract termination gain		(0.4)
Contract termination payments		(3.9)
Other non-cash items	0.2	3.0
Change in operating assets and liabilities:		
Accounts receivable	(29.4)	(21.9)
Inventories	(6.1)	(12.7)
Prepaid expenses and other current assets	0.3	0.8
Other assets	(0.1)	(0.5)
Accounts payable and accrued liabilities	(21.9)	(3.4)
Income taxes recoverable	(2.8)	17.4
Net cash (used in) provided by operating activities	(25.6)	8.2
Investing Activities		
Additions to property, plant & equipment	(12.5)	(7.6)
Additions to intangibles		(1.1)
Proceeds from sale of property, plant & equipment	0.1	0.1
Net cash used in investing activities	(12.4)	(8.6)
Financing Activities		
Payments of long-term debt	(1.3)	(13.2)
Borrowings under ABL	99.8	58.6
Payments under ABL	(72.5)	(50.8)
Distributions to non-controlling interests	(1.6)	(1.9)
Financing fees		(0.2)
Net cash provided by (used in) financing activities	24.4	(7.5)
Effect of exchange rate changes on cash	1.2	0.2
Net decrease in cash & cash equivalents	(12.4)	(7.7)

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Cash & cash equivalents, beginning of period	48.2	30.9
Cash & cash equivalents, end of period	\$ 35.8	\$ 23.2
Supplemental Disclosures of Cash Flow information:		
Cash paid for interest	\$ 17.7	\$ 1.3
Cash paid (received) for income taxes, net	\$ 3.4	\$ (13.8)

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

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Cott Corporation

Consolidated Statements of Equity

(in millions of U.S. dollars, except share amounts)

Unaudited