

BEAM INC
Form 10-Q
May 06, 2013
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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 MARCH 31, 2013

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

Commission file number 1-9076

Beam Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

13-3295276
(IRS Employer
Identification No.)

510 Lake Cook Road, Deerfield, IL
(Address of principal executive offices)

60015
(Zip Code)

Registrant's telephone number, including area code: (847) 948-8888

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 (§232.405 of this chapter) 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 small reporting company in Rule 12b-2 of the Exchange Act.

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

The number of shares outstanding of the registrant's common stock, par value \$3.125 per share, at March 31, 2013, was 160,889,166.

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	Three months ended	
	March 31,	
	2013	2012
<i>(In millions, except per share amounts)</i>		
Sales	\$ 715.2	\$ 662.9
Less: Excise taxes	(137.5)	(129.1)
Net sales	577.7	533.8
Cost of goods sold	228.6	219.1
Gross profit	349.1	314.7
Advertising and marketing expense	74.8	76.7
Selling, general and administrative expense	102.9	100.4
Amortization of intangible assets	4.5	4.2
Gain on sale of brands and related assets	(12.8)	
Restructuring charges	0.7	2.3
Operating income	179.0	131.1
Interest expense	26.4	24.5
Other income	(1.4)	(5.9)
Income from continuing operations before income taxes	154.0	112.5
Income taxes	38.2	34.1
Income from continuing operations	115.8	78.4
(Loss) income from discontinued operations, net of tax	(1.3)	0.7
Net income	\$ 114.5	\$ 79.1
Basic earnings (loss) per common share		
Continuing operations	\$ 0.72	\$ 0.50
Discontinued operations	(0.01)	
Net income	\$ 0.71	\$ 0.50
Diluted earnings (loss) per common share		
Continuing operations	\$ 0.72	\$ 0.49
Discontinued operations	(0.01)	
Net income	\$ 0.71	\$ 0.49
Cash dividends per share paid on common stock	\$ 0.225	\$ 0.205

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Weighted-average common shares outstanding basic	160.5	157.1
Weighted-average common shares outstanding diluted	161.8	159.6

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**BEAM INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***(UNAUDITED)*

<i>(In millions)</i>	Three months ended	
	March 31,	
	2013	2012
Net income	\$ 114.5	\$ 79.1
Other comprehensive (loss) income:		
Foreign currency translation adjustments		
Foreign currency translation (losses) gains	(53.8)	119.7
Derivative instruments		
Derivative instrument losses	(0.9)	(1.5)
Reclassification adjustments included in earnings	0.3	0.8
Tax benefit	0.2	0.3
Derivative instruments, net	(0.4)	(0.4)
Pension and other postretirement benefit adjustments		
Reclassification adjustments included in earnings	1.6	0.6
Tax expense	(0.5)	(0.2)
Pension and other postretirement benefit adjustments, net	1.1	0.4
Total other comprehensive (loss) income	(53.1)	119.7
Comprehensive income	\$ 61.4	\$ 198.8

See Notes to Condensed Consolidated Financial Statements.

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BEAM INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

(UNAUDITED)

<i>(In millions, except per share amounts)</i>	March 31, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 65.1	\$ 365.7
Accounts receivable from customers	447.0	413.7
Accounts receivable from related parties	23.2	42.0
Inventories	1,764.3	1,736.9
Other current assets	258.9	305.1
Total current assets	2,558.5	2,863.4
Property, plant and equipment	781.4	787.9
Goodwill	2,539.2	2,571.0
Other intangible assets	2,268.2	2,308.1
Investments in affiliates	53.0	51.5
Other non-current assets	60.9	55.0
Total assets	\$ 8,261.2	\$ 8,636.9
Liabilities		
Current liabilities		
Notes payable and current portion of long-term debt	\$ 192.0	\$ 480.1
Accounts payable to vendors	161.9	213.6
Accounts payable to related parties	37.8	50.4
Other current liabilities	386.5	464.5
Total current liabilities	778.2	1,208.6
Long-term debt	2,022.8	2,024.9
Deferred income taxes	440.7	453.0
Accrued pension and postretirement benefits	141.4	142.8
Other non-current liabilities	199.9	195.5
Total liabilities	\$ 3,583.0	\$ 4,024.8
Equity		
Common stock, par value \$3.125 per share (750.0 shares authorized; 234.7 shares issued; 160.9 shares outstanding in 2013 and 160.1 shares outstanding in 2012)	734.0	734.0
Paid-in capital	885.5	873.7
Accumulated other comprehensive loss	(239.1)	(186.0)
Retained earnings	6,217.8	6,139.7
Treasury stock, at cost	(2,920.0)	(2,949.3)
Total equity	4,678.2	4,612.1
Total liabilities and equity	\$ 8,261.2	\$ 8,636.9

See Notes to Condensed Consolidated Financial Statements.

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BEAM INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	Three months ended	
	March 31,	
	2013	2012
Operating activities		
Net income	\$ 114.5	\$ 79.1
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation	28.3	24.6
Amortization	2.6	1.3
Stock-based compensation	6.3	4.4
Deferred income taxes	(2.7)	2.8
Gain on sale of assets	(12.0)	
Changes in assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	(20.5)	16.5
Inventories	(65.7)	(61.8)
Accounts payable	(50.3)	(18.1)
Other assets	46.3	21.8
Accrued expenses and other liabilities	(106.3)	(122.2)
Net cash used in operating activities	(59.5)	(51.6)
Investing activities		
Capital expenditures	(26.0)	(23.4)
Proceeds from the disposition of assets	65.6	0.3
Acquisitions, net of cash acquired		(71.7)
Return of investment in affiliates		2.0
Cash transfer from Fortune Brands Home & Security in spin-off		6.0
Net cash provided by (used in) investing activities	39.6	(86.8)
Financing activities		
Increase (decrease) in short-term debt, net	2.3	(8.5)
Repayment of long-term debt	(294.8)	
Dividends to stockholders	(36.1)	(32.3)
Proceeds from stock-based awards, net	29.5	45.2
Tax benefit on stock-based awards		