

CAMBREX CORP
Form 10-Q
November 04, 2016
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 September 30, 2016

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 (I.R.S. Employer

incorporation or organization) 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 October 31, 2016, there were 32,150,275 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	
Consolidated Balance Sheets	3
Consolidated Income Statements	4
Consolidated Statements of Comprehensive Income	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Item 2.	22
Management's Discussion and Analysis of Financial Condition and Results of Operations	
Item 3.	27
Quantitative and Qualitative Disclosures about Market Risk	
Item 4.	27
Controls and Procedures	
Part II <u>Other Information</u>	
Item 1.	28
Legal Proceedings	
Item 1A.	28
Risk Factors	
Item 6.	28
Exhibits	
Signatures	29

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, 2015, 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.

Part I - FINANCIAL INFORMATION**Item 1. Financial Statements****CAMBREX CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets**

(in thousands, except share data)

	September 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90,736	\$ 43,974
Trade receivables, net	37,995	90,920
Other receivables	7,381	7,278
Inventories, net	143,887	109,920
Prepaid expenses and other current assets	9,021	7,187
Total current assets	289,020	259,279
Property, plant and equipment, net	209,213	186,487
Goodwill	32,687	32,063
Intangible assets, net	7,564	6,691
Deferred income taxes	12,494	19,259
Other non-current assets	4,082	1,760
Total assets	\$ 555,060	\$ 505,539
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 36,776	\$ 39,257
Deferred revenue and advance payments	5,230	16,298
Accrued expenses and other current liabilities	36,915	44,247
Short-term debt	-	30,000
Total current liabilities	78,921	129,802
Advance payments	39,000	-
Deferred income taxes	6,876	7,735
Accrued pension benefits	41,122	42,661
Other non-current liabilities	22,197	14,506
Total liabilities	188,116	194,704

Edgar Filing: CAMBREX CORP - Form 10-Q

Stockholders' equity:		
Common stock, \$.10 par value; authorized 100,000,000, issued 33,744,824 and 33,528,915 shares at respective dates	3,374	3,353
Additional paid-in capital	141,068	131,980
Retained earnings	289,992	245,698
Treasury stock, at cost, 1,594,549 and 1,729,727 shares at respective dates	(13,594)	(14,747)
Accumulated other comprehensive loss	(53,896)	(55,449)
 Total stockholders' equity	 366,944	 310,835
 Total liabilities and stockholders' equity	 \$ 555,060	 \$ 505,539

See accompanying notes to unaudited consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES

Consolidated Income Statements

(unaudited - in thousands, except per share data)

	Three months ended September 30, 2016 2015		Nine months ended September 30, 2016 2015	
Gross sales	\$99,867	\$92,350	\$312,856	\$276,913
Commissions, allowances and rebates	565	615	1,901	1,431