

BRIGHTPOINT INC
Form 10-Q
April 30, 2012

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, 2012

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

For the transition period from December 31, 2011 to March 31, 2012

1-12845

(Commission File no.)

Brightpoint, Inc.

(Exact name of registrant as specified in its charter)

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Indiana State or other jurisdiction of incorporation or organization	35-1778566 (I.R.S. Employer Identification No.)
7635 Interactive Way, Suite 200, Indianapolis, Indiana (Address of principal executive offices)	46278 (Zip Code)
(317) 707-2355 (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 (§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 or a non-accelerated filer, or a smaller reporting company. See definition of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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 checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

The number of shares of Common Stock outstanding as of April 23, 2012: 69,096,474

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Brightpoint, Inc.

Consolidated Statements of Income

(Amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Revenue		
Distribution	\$ 1,234,344	\$ 984,653
Logistic services	135,744	130,227
Total revenue	1,370,088	1,114,880
Cost of revenue		
Distribution	1,194,583	950,629
Logistic services	89,831	77,722
Total cost of revenue	1,284,414	1,028,351
Gross profit		
Distribution	39,761	34,024
Logistic services	45,913	52,505
Total gross profit	85,674	86,529
Selling, general and administrative expenses	66,946	65,646
Amortization expense	6,971	5,792
Restructuring charges	2,419	385
Operating income from continuing operations	9,338	14,706
Interest, net	3,891	2,965
Other expense (income)	(224)	1,175
Income from continuing operations before income taxes	5,671	10,566
Income tax expense	2,608	2,559
Income from continuing operations	3,063	8,007
Discontinued operations, net of income taxes:		
Gain (loss) from discontinued operations	(268)	1,830
Loss on disposal of discontinued operations	(280)	(541)
Total discontinued operations, net of income taxes	(548)	1,289
Net income	2,515	9,296
Net loss attributable to non-controlling interest	125	
Net income attributable to Brightpoint, Inc. shareholders	\$ 2,640	\$ 9,296
Earnings per share attributable to common shareholders basic:		

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Income from continuing operations	\$	0.05	\$	0.12
Discontinued operations, net of income taxes		(0.01)		0.02
Net income	\$	0.04	\$	0.14
Earnings per share attributable to common shareholders diluted:				
Income from continuing operations	\$	0.05	\$	0.11
Discontinued operations, net of income taxes		(0.01)		0.02
Net income	\$	0.04	\$	0.13
Weighted average common shares outstanding:				
Basic		68,335		67,453
Diluted		69,715		68,917

See accompanying notes

Brightpoint, Inc.**Consolidated Statements of Comprehensive Income**

(Amounts in thousands)

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Net income	\$ 2,515	\$ 9,296
Unrealized gain on derivative instruments, net of tax:		
Net gain arising during period	336	852
Foreign currency translation, net of tax:		
Net gain arising during period	8,377	9,440
Reclassification adjustment for losses included in net income, net of tax	620	63
Comprehensive income	\$ 11,848	\$ 19,651
Less: Net loss attributable to non-controlling interest	125	
Comprehensive income attributable to Brightpoint, Inc. shareholders	\$ 11,973	\$ 19,651

See accompanying notes

Brightpoint, Inc.**Consolidated Balance Sheets**

(Amounts in thousands, except per share data)

	March 31, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 23,538	\$ 40,842
Accounts receivable (less allowance for doubtful accounts of \$8,416 in 2012 and \$8,236 in 2011)	517,239	568,947
Inventories	469,209	468,937
Other current assets	75,724	66,039
Total current assets	1,085,710	1,144,765
Property and equipment, net	145,093	145,948
Goodwill	86,838	79,578
Other intangibles, net	114,825	98,693
Other assets	39,606	37,927
Total assets	\$ 1,472,072	\$ 1,506,911
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 693,434	\$ 766,825
Accrued expenses	137,259	171,108
Lines of credit and other short-term borrowings	645	6,465
Total current liabilities	831,338	944,398
Long-term liabilities:		
Lines of credit, long-term	296,048	246,542
Other long-term liabilities	32,433	24,806
Total long-term liabilities	328,481	271,348
Total liabilities	1,159,819	1,215,746
Shareholders equity:		
Preferred stock, \$0.01 par value: 1,000 shares authorized; no shares issued or outstanding		
Common stock, \$0.01 par value: 100,000 shares authorized; 92,736 issued in 2012 and 91,470 issued in 2011	927	915
Additional paid-in-capital	660,614	656,533
Treasury stock, at cost, 23,594 shares in 2012 and 23,226 shares in 2011	(171,807)	(168,064)
Accumulated other comprehensive income	18,257	8,923
Accumulated deficit	(204,503)	(207,142)
Total Brightpoint, Inc. shareholders equity	303,488	291,165
Non-controlling interest	8,765	
Total shareholders equity	312,253	291,165
Total liabilities and shareholders equity	\$ 1,472,072	\$ 1,506,911

See accompanying notes

Brightpoint, Inc.**Consolidated Statements of Cash Flows**

(Amounts in thousands)

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Operating activities		
Net income	\$ 2,515	\$ 9,296
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	13,086	11,280
Non-cash compensation	3,202	3,702
Restructuring charge	2,419	385
Change in deferred taxes	(508)	4,361
Other non-cash	(213)	752
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures:		
Accounts receivable	62,340	77,537
Inventories	12,047	(53,655)
Other operating assets	(11,076)	11,016
Accounts payable and accrued expenses	(129,249)	(162,059)
Net cash used in operating activities	(45,437)	(97,385)
Investing activities		
Capital expenditures	(5,497)	(22,830)
Acquisitions, net of cash acquired	(9,426)	(111)
Decrease in other assets	2,273	590
Net cash used in investing activities	(12,650)	(22,351)
Financing activities		
Net proceeds from lines of credit	42,063	105,369
Borrowings (repayments) on short-term financing	139	(407)
Deferred financing costs paid		(281)
Purchase of treasury stock	(3,743)	(3,778)
Excess tax benefit from equity based compensation	870	1,983
Proceeds from common stock issuances under employee stock option plans		394
Net cash provided by financing activities	39,329	103,280
Effect of exchange rate changes on cash and cash equivalents	1,454	1,794