

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

AMERICAN BUSINESS PRODUCTS INC

CIK: **4672** | IRS No.: **581030529** | State of Incorpor.: **GA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-07088** | Film No.: **94527876**
SIC: **2761** Manifold business forms

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PO BOX 105684
ATLANTA GA 30348

Business Address
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1200
PO BOX 105684
ATLANTA GA 30328
4049538300

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1994 Commission file number 1-7088

AMERICAN BUSINESS PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Georgia

58-1030529

(State of Incorporation)

(IRS Employer
Identification No)

2100 RiverEdge Parkway, Suite 1200, Atlanta, Georgia

30328

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (404) 953-8300

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 X
--- ---

Common Stock, \$2.00 par value

(Class)

10,683,102 shares

(Outstanding at March 31, 1994)

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

The Consolidated Balance Sheets of the Company as of March 31, 1994, and December 31, 1993 and the Consolidated Income Statements of the Company for the three months ended March 31, 1994, and 1993, are incorporated herein by reference to the Company's Quarterly Report to Shareholders for the three months ended March 31, 1994, attached hereto as Exhibit 19. Set forth below are the Consolidated Statements of Cash Flows of the Company for the three months ended March 31, 1994, and 1993, along with certain notes to the financial statements.

AMERICAN BUSINESS PRODUCTS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 1994, AND 1993 (UNAUDITED)

<TABLE>
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	1994 ----	1993 ----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from operations	\$ 3,661,000	\$ 4,670,000
Adjustments to reconcile net income to net cash provided by operating activities	-5,284,000	-3,928,000
	-----	-----
Net cash (used) provided by operating activities	-1,623,000	742,000
CASH FLOWS USED IN INVESTING ACTIVITIES		
(Increase) in annuity contracts		-7,467,000
Decrease in cash value of life insurance	1,602,000	
Additions to plant and equipment	-2,827,000	-3,973,000
Other	2,000	104,000
	-----	-----
Net cash used in investing activities	-1,223,000	-11,336,000
CASH FLOWS USED BY FINANCING ACTIVITIES		
Dividends paid	-2,137,000	-2,004,000
Other	-369,000	-297,000
	-----	-----
Net cash used by financing activities	-2,506,000	-2,301,000
Net (decrease) in cash and cash equivalents	-5,352,000	-12,895,000

Cash and cash equivalents at beginning year	30,151,000	30,024,000
	-----	-----
Cash and cash equivalents at end of period	\$24,799,000	\$17,129,000
	=====	=====

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AMERICAN BUSINESS PRODUCTS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Unaudited Condensed Consolidated Financial Statements

The information contained in these condensed consolidated financial statements and notes is unaudited, but in the opinion of management, all adjustments necessary for a fair presentation of such information have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to applicable rules and regulations of the Securities and Exchange Commission. The condensed consolidated financial statements included herein should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1993.

2. Consolidation Policy

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. Intercompany balances and transactions have been eliminated.

3. Net Income Per Share

Net income per common share is based upon the weighted average number of shares outstanding during each period: 10,682,195 and 10,686,076 for the three month periods ended March 31, 1994, and March 31, 1993, respectively.

4. Inventories

Inventories consisted of the following at the dates indicated:

<TABLE>
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<u><S></u>	March 31, 1994	December 31, 1993
	<u><C></u>	<u><C></u>
Products finished or in process	\$24,449,000	\$24,510,000
Raw materials	23,396,000	20,771,000
Supplies	626,000	406,000
	-----	-----
Total	\$48,471,000	\$45,687,000
	=====	=====

</TABLE>

5. The Company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Post-employment Benefits", on January 1, 1994. The cumulative affect of this change on all periods decreased net income \$605,000 or \$.06 per share.

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Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations

1. Liquidity and Capital Resources

The current ratio increased to 2.8 to 1 at March 31, 1994, from 2.6 to 1 at December 31, 1993.

The Company does not anticipate incurring significant additional debt and internal cash flows should be sufficient to generate funds for normal operations.

2. Results of Operations

Sales during the first quarter of 1994 increased by 19.5% over sales for the same period of 1993. Without sales generated by operations acquired in late 1993, the Company's revenues would have increased by approximately 3% over the same period in 1993, resulting principally from an increase in unit sales.

Cost of goods sold as percentage of sales increased to 70.2% in 1994 from 69.4% in 1993 principally as a result of increased price competition in the Company's major markets. Selling and administrative expenses decreased to 23.3% of sales in 1994 compared to 23.9% in 1993 as a result of the Company's continuing efforts to control expenses. Interest expense increased to 1.7% of sales in 1994 from 1.1% in 1993 as a result of incurring additional debt to finance two acquisitions in late 1993.

The effective income tax rate for the first quarter of 1994 increased to 39.3% compared to 34.3% in 1993 as a result of several factors including an increase in the federal statutory rate, decreased levels of non-taxable income and increased provisions for state income taxes.

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PART II

OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits attached hereto:

Number	Description
19	Quarterly Report to Shareholders for the three months ended March 31, 1994.

b. Reports on Form 8-K.

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN BUSINESS PRODUCTS, INC.

(Registrant)

DATE: May 13, 1994

/s/ W. C. Downer

W. C. Downer, Vice President-Finance
(Chief Financial and Accounting
Officer and Duly Authorized Officer)

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AMERICAN BUSINESS PRODUCTS, INC.

INDEX OF EXHIBITS

Number	Description
19	Quarterly Report to Shareholders for the three months ended March 31, 1994

(LOGO)

AMERICAN
BUSINESS
PRODUCTS
INC.

QUARTERLY REPORT TO SHAREHOLDERS

3 MONTHS ENDED MARCH 31, 1994

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AMERICAN BUSINESS PRODUCTS, INC.

[LOGO]

TO OUR SHAREHOLDERS:

Sales advanced to a new record for the first quarter while a combination of factors contributed to lower earnings. Even so, the quarterly earnings have been exceeded only once in a first quarter in the history of the Company.

The increase of 19.5% in our sales set an all-time high at \$140.7 million. Income before the effect of mandated accounting charges (FASB 112) was \$4.3 million or \$.40 per share compared with \$4.7 million or \$.44 per share for the first quarter last year. After giving effect to the non-cash charge, net income was \$3.7 million or \$.34 per share. This one-time accounting charge must be taken in 1994 by all companies providing post-employment benefits.

Factors affecting profits included severe weather in the East and Midwest combined with the California earthquake, disrupting production at 23 of our 41 production facilities and resulting in unusual labor costs to fulfill customer service commitments. Other factors were strong pricing competition for some product lines and a higher federal tax rate. With more normal conditions and moderate growth in the economy, we expect a good year.

At the annual meeting of shareholders yesterday, four directors were elected to new three-year terms; Duane Ackerman, John Aderhold, Thomas Keller and Marvin Schmalzried. Following a succession plan announced last December, W. J. Biggers retired as Chairman of the Board; CEO, Thomas R. Carmody was elected to that position; and Chief Operating Officer, Robert W. Gundeck was promoted from Executive Vice President to President of the Company.

The Directors approved a regular quarterly dividend of \$.20 per share payable June 15 to shareholders of record June 1.

<TABLE>

<S>	<C>
Thomas R. Carmody	Robert W. Gundeck
Chairman and	President and
Chief Executive Officer	Chief Operating Officer

</TABLE>

<TABLE>

<CAPTION>

April 28, 1994

FINANCIAL HIGHLIGHTS PERIOD ENDED MARCH 31	FIRST QUARTER	
	1994	1993
<S>	<C>	<C>
Net sales	\$140,715,000	\$117,749,000
Net income	3,661,000	4,670,000
Net income per common share	.34	.44
Dividends per common share	.20	.1875

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CONSOLIDATED INCOME STATEMENTS

	1994	1993
<S>	<C>	<C>
QUARTER ENDED MARCH 31		
Net Sales.....	\$140,715,000	\$117,749,000
Cost of Goods Sold.....	98,790,000	81,753,000
Selling and Administrative Expenses.....	32,773,000	28,092,000
	131,563,000	109,845,000
Operating Income.....	9,152,000	7,904,000
Other Income (Expense)		
Interest expense.....	(2,366,000)	(1,264,000)
Miscellaneous -- net.....	237,000	465,000
Income Before Income Taxes and Cumulative Effect of Changes in Accounting Principles.....	7,023,000	7,105,000
Provision for Income Taxes.....	2,757,000	2,435,000
Income Before Cumulative Effect of Changes in Accounting Principles.....	4,266,000	4,670,000
Cumulative Effect of Changes In Accounting Principles.....	(605,000)	
Net Income.....	\$ 3,661,000	\$ 4,670,000
Per Common Share:		
Income Before Cumulative Effect of Changes in Accounting Principles.....	\$.40	\$.44
Net Income.....	.34	.44
Dividends Per Common Share.....	.20	.1875

(Unaudited)

</TABLE>

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<CAPTION>

CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1994	DECEMBER 31, 1993
<S>	<C>	<C>
Current Assets		
Cash and cash equivalents.....	\$ 24,799,000	\$ 30,151,000
Accounts receivable, less allowances of \$2,277,000 and \$2,218,000.....	68,872,000	65,000,000
Inventories.....	48,471,000	45,687,000
Other.....	809,000	930,000
Total Current Assets.....	142,951,000	141,768,000
Plant And Equipment -- At Cost		
Land.....	5,940,000	5,940,000
Buildings and improvements.....	48,603,000	48,475,000
Machinery and equipment.....	124,136,000	121,805,000
	178,679,000	176,220,000
Less accumulated depreciation.....	85,292,000	81,772,000
	93,387,000	94,448,000
Intangible Assets From Acquisitions		
Goodwill, less amortization of \$1,872,000 and \$1,651,000.....	32,245,000	31,634,000
Other, less amortization of \$3,398,000 and \$3,173,000...	3,049,000	3,274,000
	35,294,000	34,908,000
Deferred Income Taxes.....	8,263,000	7,963,000
Other Assets.....	21,565,000	23,105,000
	\$301,460,000	\$302,192,000
Current Liabilities		
Accounts payable.....	\$ 34,510,000	\$ 36,241,000
Salaries and wages.....	8,534,000	8,530,000
Profit sharing contributions.....	1,196,000	4,106,000
Income taxes.....	1,299,000	200,000
Current maturities of long-term debt.....	6,253,000	6,253,000
Total Current Liabilities.....	51,792,000	55,330,000
Long-Term Debt And Capital Leases.....	85,202,000	85,580,000
Supplemental Retirement Benefits.....	13,552,000	12,880,000
Postretirement Benefits.....	22,289,000	21,309,000

Stockholders' Equity

Common stock -- \$2 par value; authorized 50,000,000 shares, issued 10,774,484 shares.....	21,549,000	21,549,000
Retained earnings.....	109,246,000	107,728,000
Foreign currency translation adjustment.....	(433,000)	(433,000)
	-----	-----
	130,362,000	128,844,000
Less 91,382 and 92,391 shares of Common Stock in treasury -- at cost.....	1,737,000	1,751,000
	-----	-----
	128,625,000	127,093,000
	-----	-----
	\$301,460,000	\$302,192,000
	-----	-----
	-----	-----

(Unaudited)

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ABP SHAREHOLDER INFORMATION

ABP has a Dividend Reinvestment Plan which is open to all shareholders of ABP common stock. This Plan allows the reinvestment of dividends on a regular quarterly basis and accepts optional cash investments from \$10 to \$1,000 per month. If you would like more information on this program, you can write to Diana Coursey, Investor Relations, American Business Products, Inc., P.O. Box 105684, Atlanta, Georgia 30348.

If you have a change of address, need to transfer shares or have other questions regarding your current ABP holdings you can contact Wachovia Bank of North Carolina, P.O. Box 3001, Winston-Salem, NC 27102-3001 or call 1 (800) 633-4236.

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(LOGO) AMERICAN BUSINESS PRODUCTS, INC.
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ATLANTA, GA. 30348