

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-03-16** | Period of Report: **1994-01-31**  
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### FILER

#### **BOWNE & CO INC**

CIK: **13610** | IRS No.: **132618477** | State of Incorporation: **NY** | Fiscal Year End: **1031**  
Type: **10-Q** | Act: **34** | File No.: **001-05842** | Film No.: **94516278**  
SIC: **2750** Commercial printing

Business Address  
345 HUDSON ST  
NEW YORK NY 10014  
2129245500

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 January 31, 1994, 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 1-5842

BOWNE & CO., INC.  
(Exact name of registrant as specified in its charter)

NEW YORK  
(State or other jurisdiction of incorporation or organization)

345 HUDSON STREET  
NEW YORK, NEW YORK  
(Address of principal executive offices)

13-2618477  
(IRS Employer Identification Number)

10014  
(Zip code)

(212) 924-5500  
(Registrant's telephone number, including area code)

NOT APPLICABLE  
(Former name, former address and former fiscal year, if changed since last report)

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares outstanding of each of the issuer's classes of common stock was 17,353,028 shares of common stock, par value \$.01, outstanding as at March 11, 1994.

FINANCIAL STATEMENTS

BOWNE & CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>  
<CAPTION>

	JANUARY 31, 1994 (UNAUDITED)	OCTOBER 31, 1993
	(000'S OMITTED)	
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents.....	\$ 21,020	\$ 33,067
Trade accounts receivable, less allowance for doubtful accounts of \$6,965,000 and \$6,550,000.....	85,579	92,857
Inventories.....	29,480	21,729
Prepaid expenses and sundry receivables.....	5,801	4,851
Total current assets.....	141,880	152,504
Marketable securities.....	17,185	17,393
Real estate, equipment and leasehold improvements, less depreciation and amortization of \$71,379,000 and \$68,338,000.....	91,441	88,840
Excess cost of subsidiaries over net assets at date of acquisition.....	15,607	15,784
Other assets.....	8,604	9,103
Totals.....	\$274,717	\$283,624
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt.....	\$ 7,350	\$ 5,434
Accounts payable.....	12,165	14,134
Accrued liabilities.....	26,277	40,037
Income taxes payable.....	4,553	5,114
Total current liabilities.....	50,345	64,719
Long-term debt -- net of current portion.....	8,627	8,836
Deferred employee compensation and benefits.....	13,609	13,386
Total liabilities.....	72,581	86,941
Stockholders' equity:		
Common stock, par value \$.01, issued 18,969,717 shares in 1994 and 18,948,442 shares in 1993.....	190	189
Additional paid-in capital.....	23,161	22,903
Retained earnings.....	197,590	192,229
Foreign currency translation adjustment.....	(729)	(584)
Treasury stock, at cost, 1,651,331 shares in 1994 and 1,650,331 shares in 1993.....	(18,076)	(18,054)
Total stockholders' equity.....	202,136	196,683
Totals.....	\$274,717	\$283,624

</TABLE>

BOWNE & CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED JANUARY 31, (UNAUDITED)	
	(000'S OMITTED)	
	1994	1993
	<C>	<C>
<S>		
Revenues:		
Net sales.....	\$82,075	\$61,026
Other.....	1,698	898

	83,773	61,924
Expenses:		
Cost of sales.....	45,256	32,748
Selling and administrative.....	23,247	18,665
Depreciation and amortization.....	3,599	3,285
Interest.....	353	641
	72,455	55,339
Income before income taxes.....	11,318	6,585
Income taxes:		
State and local.....	1,042	470
Federal.....	3,040	2,344
Foreign.....	577	(96)
	4,659	2,718
Net income.....	\$ 6,659	\$ 3,867
Net income per share.....	\$.38	\$.23
Dividends per share.....	\$.075	\$.075

</TABLE>

CONDENSED CONSOLIDATED STATEMENT OF RETAINED EARNINGS

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED JANUARY 31, 1994 (UNAUDITED)	
	(000'S OMITTED)	
	<C>	
Retained earnings at beginning of period.....	\$192,229	
Net income.....	6,659	
Dividends.....	(1,298)	
Retained earnings at end of period.....	\$197,590	

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2

4

BOWNE & CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED JANUARY 31, (UNAUDITED)	
	(000'S OMITTED)	
	1994	1993
	<C>	<C>
Cash flows from operating activities:		
Net income.....	\$ 6,659	\$ 3,867
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization.....	3,599	3,285

Provision for deferred employee compensation.....	224	(130)
Changes in certain current assets and liabilities, net of non-cash transactions.....	(18,302)	(8,477)
	-----	-----
Net cash used in operating activities.....	(7,820)	(1,455)
	-----	-----
Cash flows from investing activities:		
Purchase of marketable securities and other investments.....	(1,172)	(6,699)
Proceeds from the sale of marketable securities and other investments.....	2,240	4,385
Purchase of real estate, equipment and leasehold improvements.....	(5,991)	(2,320)
	-----	-----
Net cash used in investing activities.....	(4,923)	(4,634)
	-----	-----
Cash flows from financing activities:		
Proceeds from borrowings.....	3,313	--
Payment of debt.....	(1,576)	(37)
Proceeds from stock options exercised.....	237	330
Payment of dividends.....	(1,299)	(1,287)
	-----	-----
Net cash provided by (used in) financing activities.....	675	(994)
	-----	-----
Effect of exchange rate on cash.....	21	6
	-----	-----
Decrease in cash and cash equivalents.....	\$(12,047)	\$(7,077)
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3

5

BOWNE & CO., INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. The financial information included herein as at January 31, 1994 and for the three months ended January 31, 1994 and 1993 is unaudited and, in the opinion of the Company, reflects all adjustments (which include only normal recurring accruals) necessary for a fair presentation of the financial position as of those dates and the results of operations for those periods. The information in the Condensed Consolidated Balance Sheet as at October 31, 1993 was derived from the Company's audited annual report for 1993.

NOTE 2. Inventories of \$29,480,000, in 1994, include raw materials of \$4,828,000 and work in process of \$24,652,000. In 1993, inventories of \$21,729,000 included raw materials of \$4,293,000 and work in process of \$17,436,000.

NOTE 3. Net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. The weighted average number of shares for the three months ended January 31, 1994 and 1993 were 17,302,712 and 17,160,588, respectively.

NOTE 4. Effective November 1, 1993, the Company adopted FASB No. 109, "Accounting for Income Taxes" (SFAS 109) and has applied the provisions prospectively for 1994. The adoption of SFAS 109 had no effect on the tax provision or net income for the quarter ended January 31, 1994.

4

6

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Company has a strong financial position, with excellent liquidity. On January 31, 1994, the Company had a working capital ratio of 2.82 to 1 and working capital of \$91,535,000.

Cash generated from operations, available working capital and borrowings have been used to finance acquisitions, capital expenditures, purchase of treasury stock and payment of dividends. It is expected that such funds and the Company's borrowing capacity will be sufficient to finance the Company's future

capital expenditures, acquisition of treasury stock, payment of dividends and possible acquisitions.

INFLATION

The Company has experienced the effects of inflation through increases in the costs of employee compensation and related fringe benefits, outside services, raw materials and other supplies. Due to price competition, the Company does not always fully recover all of its increased costs.

RESULTS OF OPERATIONS

The Company provides printing services to produce the varied documentation required by major financial transactions, corporate periodic reports, restructuring plans for bankrupt companies, communication to shareholders and basic commercial printing. The sales value of each project is dependent, among other things, upon the size, complexity and type of document printed, the time allowed for completion and the level of changes required, and may be further impacted by the level of competition.

The Company's corporate printing business is seasonal to the extent that the greatest number of proxy statements and annual reports are required to be printed during the Company's second fiscal quarter ending April 30. In addition, the Company's business is generally affected by cyclical conditions in the capital markets.

The general necessity for rapid document processing after delivery of copy by its customers requires that the Company maintain physical plant and customer service staff sufficient to meet maximum work loads. Consequently, the Company does not always operate at full capacity.

QUARTER ENDED JANUARY 31, 1994 COMPARED TO QUARTER ENDED JANUARY 31, 1993

Sales increased by \$21,049,000, or 34%. The increase was primarily attributable to higher level of demand for financial printing services. The overall increase in sales, combined with a 1% decrease in the gross margin percentage, contributed to an increase in gross margin of \$8,541,000.

Other revenue, consisting primarily of investment income, increased \$800,000 due to realized gains on the sale of securities.

Selling and administrative expenses increased \$4,582,000, or 25%, to \$23,247,000, principally as a result of sales and incentive compensation and other expenses related to increases in sales and profitability, and increases in the number of employees and the costs of facilities and labor.

Depreciation and amortization increased \$314,000, or 10%, primarily as a result of the acquisition of equipment during 1993.

Interest expense decreased \$288,000, or 45%, principally due to the reduction of the Company's debt.

The income tax rate remained relatively constant as the higher tax rate under the Omnibus Budget Reconciliation Act of 1993 was offset by the increased proportion of income earned in jurisdictions with lower tax rates.

As a result of the foregoing, income before income taxes was \$11,318,000, an increase of 72%, and net income increased 72% to \$6,659,000.

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.

BOWNE & CO., INC.

<TABLE>

<S>

Date: March 15, 1994

<C>

By RICHARD H. KOONTZ

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RICHARD H. KOONTZ  
(PRESIDENT AND PRINCIPAL EXECUTIVE OFFICER)

Date: March 15, 1994

By JAMES P. O'NEIL

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JAMES P. O'NEIL  
(VICE PRESIDENT, FINANCE AND PRINCIPAL  
FINANCIAL OFFICER)

</TABLE>