

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**
SEC Accession No. **0000950112-94-001275**

([HTML Version](#) on secdatabase.com)

FILER

MOORE BENJAMIN & CO

CIK: **276999** | IRS No.: **135256230** | State of Incorporation: **NJ** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-08894** | Film No.: **94527941**
SIC: **2851** Paints, varnishes, lacquers, enamels & allied prods

Mailing Address
51 CHESTNUT RIDGE RD
MONTVALE NJ 07645

Business Address
51 CHESTNUT RIDGE RD
MONTVALE NJ 07645
2015739600

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 0-8894

Benjamin Moore & Co.

(Exact Name of registrant as specified in its charter)

New Jersey

13-5256230

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
identification No.)

51 Chestnut Ridge Road, Montvale, New Jersey

07645

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (201) 573-9600

None

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 (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 X No
--- ---

As of May 2, 1994, 9,575,688 shares of Common Stock of the registrant were issued and outstanding.

- 1 -

BENJAMIN MOORE & CO. and Subsidiaries

INDEX

	Page No.

Part	
I. Financial Information	
Condensed Consolidated Statements of Income - Three Months Ended March 31, 1994 and 1993	3
Condensed Consolidated Balance Sheets - March 31, 1994 and December 31, 1993	4
Condensed Consolidated Statements of Cash Flows - Three Months Ended March 31, 1994 and 1993	5
Notes to Condensed Consolidated Financial Statements	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	7 - 10

- 2 -

PART I. FINANCIAL INFORMATION

BENJAMIN MOORE & CO. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in Thousands Except Per Share Amounts)

Three Months Ended
March 31,

1994

1993

	(Unaudited)	(Unaudited)
Net Sales	\$111,998 -----	\$107,445 -----
Costs and expenses:		
Cost of products sold	61,182	58,955
Selling, administrative and general	44,000	42,023
Other (income) expense, net	(204)	(227)
	-----	-----
Total costs and expenses	104,978 -----	100,751 -----
Income before taxes and minority interest	7,020	6,694
Income tax provision	2,886	2,716
Minority interest in income of subsidiary	58 -----	22 -----
Net income	\$ 4,076 =====	\$ 3,956 =====
Weighted average number of common shares outstanding	9,645,382 =====	9,773,498 =====
Earnings per share of common stock	\$.42 =====	\$.40 =====
Cash dividends declared per share of common stock	\$.37 =====	\$.37 =====

See accompanying notes to condensed consolidated financial statements.

BENJAMIN MOORE & CO. and Subsidiaries
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Dollars in Thousands)

	March 31, 1994 ----- (Unaudited)	December 31, 1993 ----- (a)
ASSETS		
Current assets:		
Cash and short-term investments	\$ 555	\$ 25,695
	-----	-----
Accounts and notes receivable - net	108,530	80,759
	-----	-----
Inventories:		
Finished goods	36,369	31,223
Raw materials and supplies	19,537	20,254
	-----	-----
	55,906	51,477
	-----	-----
Other current assets	27,152	27,266
	-----	-----
Total current assets	192,143	185,197
Property - net	63,035	60,270
Other non-current assets	30,092	30,573
	-----	-----
Total assets	\$285,270 =====	\$276,040 =====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 22,180	\$ 18,985
Accrued taxes based on income	3,591	2,392
Accrued expenses and other current liabilities	39,663	30,619
	-----	-----
Total current liabilities	65,434	51,996
	-----	-----
Deferred income taxes	2,624	2,676
	-----	-----
Long-term obligations	6,465	6,477

Minority shareholders' interest in net assets of subsidiary	4,837	5,131
Shareholders' equity:		
Preferred stock, \$10 par value - authorized 500,000 shares; issued - none		
Common stock, \$10 par value - authorized 20,000,000 shares; issued 13,164,312 shares	131,643	131,643
Additional paid-in capital	22,000	21,960
Retained earnings	154,945	154,433
Accumulated currency translation adjustment	(3,525)	(2,450)
Cost of treasury stock; 3,540,213 shares at March 31, 1994 and 3,496,194 shares at December 31, 1993	(84,405)	(80,477)
Employees' stock ownership and stock purchase plan notes	(14,748)	(15,349)
Shareholders' equity - net	205,910	209,760
Total liabilities and shareholders' equity	\$285,270	\$276,040

(a) The condensed balance sheet at December 31, 1993 has been taken from the audited financial statements at that date.

See accompanying notes to condensed consolidated financial statements.

- 4 -

BENJAMIN MOORE & CO. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

Three Months Ended March 31,	

1994	1993
----	----
(Unaudited)	(Unaudited)

Cash flows from operating activities:		
Net income	\$ 4,076	\$ 3,956
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,850	2,173
Minority interest in net income of subsidiary	58	22
Other	(235)	897
Change in assets and liabilities:		
Increase in accounts and notes receivable	(28,569)	(29,488)
Increase in inventories	(4,818)	(886)
Other	14,542	9,028
	-----	-----
Net cash flows used in operating activities	(13,096)	(14,298)
	-----	-----
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(4,828)	(3,322)
Decrease in short-term investments	20,568	21,785
Other	(215)	(1,136)
	-----	-----
Net cash flows from investing activities	15,525	17,327
	-----	-----
Cash flows from financing activities:		
Payment of dividends	(3,480)	(3,528)
Purchase of treasury stock	(3,930)	(4,414)
Other	408	448
	-----	-----
Net cash flows used in financing activities	(7,002)	(7,494)
	-----	-----
Effect of exchange rate changes on cash	2	6
	-----	-----
Net decrease in cash	(4,571)	(4,459)
Cash at beginning of period	5,011	8,031
	-----	-----
Cash at end of period	\$ 440	\$ 3,572
	=====	=====
Supplemental disclosures of cash flow information:		
Interest paid	\$ 226	\$ 256
Income taxes paid	\$ 1,786	\$ 1,832

See accompanying notes to condensed consolidated financial statements.

BENJAMIN MOORE & CO. and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of its financial position as of March 31, 1994 and the results of operations for the three month periods ended March 31, 1994 and 1993, and changes in cash flows for the three months ended March 31, 1994 and 1993. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1993.
2. Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits." SFAS No. 112 requires the Company to accrue for the estimated cost of benefits provided by the Company to former or inactive employees after employment but before retirement such as long-term disability, short-term disability, and other workers compensation, if attributable to employees' service already rendered. The cumulative effect of this change in accounting principle resulted in a one-time charge of \$1,275,000 to earnings for the accrual, which primarily relates to medical coverage for employees on long-term disability, for such benefits as of January 1, 1994. The continuing incremental charge to earnings for the first quarter was not material.
3. The results of operations for the three month periods ended March 31, 1994 and 1993 are not necessarily indicative of operations for the entire year.

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

- - - - -

Operating Results

- - - - -

It should be noted that quarterly comparisons between a current and a previous year are most difficult in the paint industry. The timing and terms of seasonal dating programs, the timing and extent of price increases, and the introduction of product promotions can produce wide swings in quarterly results.

Net Sales in the first quarter of 1994 were \$111,998,000, an increase of \$4,553,000 or 4.2% over the comparable period of the previous year. The harsh weather conditions adversely affected trade sales coatings in the Northeast during the first two months of the year. Other areas were also affected by factors such as the return to more normal business in Florida following the surge of activity in reconstruction after hurricane Andrew, weather-related

conditions in the Midwest and the economic downturn in California. Despite these early setbacks, unit sales for the quarter were slightly ahead of the previous year. A general selling price adjustment accounted for the majority of the percentage increase in sales volume. Unit sales were up modestly in Canada.

Production finishes coatings, which comprises approximately 10% of total volume, showed increased momentum both in unit sales and dollar volume in the United States and Canada.

Cost of products sold declined .3% as a percentage of sales to 54.6% mostly due to relatively stable raw material costs during the period and the effect of the general selling price adjustment referred to above. The dollar increase of \$2,227,000 reflected the slightly higher unit sales and inflationary production costs.

- 7 -

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

- - - - -

Selling, administrative and general expenses rose \$1,977,000 or 4.7% to \$44,000,000. In addition to inflationary increases, the adoption of Statement of Financial Accounting Standards No. 112, "Employers Accounting for Postemployment Benefits" resulted in a one-time charge of \$1,275,000 as of January 1, 1994 (see Note 2 to Notes to Condensed Consolidated Financial

Statements) accounted for the majority of the increase.

The reduction in other income was attributable to lower interest income on short-term investments.

After providing for federal and state income taxes which represented an approximate 41% combined rate for both 1994 and 1993, and minority interest, net income was \$4,076,000. The improvement over last year was \$120,000 or 3%.

Earnings per share were \$.42, a gain of \$.02 over the same period in 1993.

If the favorable sales climate of the past few weeks continues for the balance of the year and raw material costs maintain stability, net income for the year should show upward movement over results of the past few years.

Financial Position and Liquidity

Cash flows from operating activities in the first quarter, reflected the seasonal nature of the paint and coatings business. Net income of \$4,076,000, adjusted for the non-cash item of depreciation and amortization, was insufficient to support the dated order shipments reflected in the increase in accounts and notes receivable as well as

- - - - -

the higher inventory levels. The increase in inventory was a result of the stocking of the new industrial maintenance product line and the larger stocks on hand due to the reduced shipments caused by the adverse weather conditions in many of the population centers in the East and Mid-West. The accruals for postretirement health benefits (SFAS 106) and postemployment benefits (SFAS 112) constituted a majority of the variance of \$5,500,000 in Other between 1994 and 1993.

In net cash flows from investing activities, the decrease of \$20,568,000 in short-term investments supplemented the cash flow from operating activities. In addition, funds amounting to \$4,828,000 were utilized for various construction projects, most notably in the continuing expansion of the Mesquite, Texas, manufacturing facility and the renovation of the offices at the Corporate and Eastern Division building in Montvale, New Jersey.

Cash flows from financing activities principally consisted of dividend disbursements and the purchase of treasury stock. Such purchases of stock do not represent a formal plan of acquisition, and are transacted in most cases to provide liquidity for estate taxes and other specific purposes.

The company anticipates limited bank borrowing to provide working capital requirements in the United States primarily in the second quarter and a portion of the third quarter. The Canadian and New Zealand subsidiaries utilized their respective lines of credit during the first quarter and are expected to

continue to do so for the remainder of the year.

- 9 -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

- - - - -

The on-going capital projects in Mesquite, Texas and Montvale, New Jersey and the anticipated April purchase of a majority interest in Southern Cross Paints, a local New Zealand manufacturer, are not expected to require additional borrowing.

Part II. OTHER INFORMATION

Item 4. Submission of Matters to Vote of Securityholders

The only matters which were submitted to a vote of shareholders to date during the 1994 fiscal year were the following which were acted upon at the Annual Meeting of Shareholders which was held on April 21, 1994.

Election of Directors: - the following persons were elected as Class III Directors of the Company to serve for a three year term: - Ward C. Belcher, Ralph W. Lettieri, Lee C. McAlister, John C. Moore, Jr., Richard Roob and Maurice C. Workman. The following person was elected as Class II Director of the Company to serve for a two year term: - Frank W. Burr. The following person was elected as Class I Director of the Company to serve for a one year term: - Gerald W. Moore. The following persons continue in office as directors: Class II Directors - Charles H. Bergmann, Sara B. Wardell, Joseph Sobie, Charles C. Vail and Ward B. Wack. Class I Directors: - Benjamin M. Belcher, Jr., Yvan Dupuy, William J. Fritz and Michael C. Quaid.

Amendment of the Certificate of Incorporation: - The proposed amendment of the Certificate of Incorporation of the Company to increase the authorized Common Stock to 40,000,000 shares from 20,000,000 shares was approved by a vote of 8,357,007.858 shares affirmative to 124,759.645 shares negative, with 254,155.497 shares abstaining.

Approval of Amendments of the Company Bylaws: - The proposal to approve amendment of the Company's Bylaws in order to permit the Board to establish a committee of the Board which excluded the Chairman and President and ratification of all actions taken to date by the Committee for the Benjamin Moore & Co. Stock Option Plan was approved by a vote of 8,369,198.908 shares affirmative to 12,952.173 shares negative, with 353,771.919 shares abstaining.

Item 6. Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K - There were no reports on Form 8-K filed for the three months ended March 31, 1994.

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.

Benjamin Moore & Co.

(Registrant)

Date May 12, 1994

M.C. Workman

Maurice C. Workman
(President)

Date May 12, 1994

W.J. Fritz

William J. Fritz, Vice President -
Finance and Treasurer
(Principal Financial Officer)