BRINKS CO
Form 10-Q
May 03, 2007

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, 2007

¨ 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 1-9148

THE BRINK S COMPANY

(Exact name of registrant as specified in its charter)

Virginia	**54-1317776**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1801 Bayberry Court, Richmond, Virginia 23226-8100

(Address of principal executive offices) (Zip Code)

(804) 289-9600

(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 x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

(Check one): Large Accelerated Filer x Accelerated Filer ¨ Non-Accelerated Filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of May 1, 2007, 48,498,658 shares of $1 par value common stock were outstanding.

Part I Financial Information

Item 1. Financial Statements

THE BRINK S COMPANY

and subsidiaries

Consolidated Balance Sheets

(Unaudited)

(In millions)	**March 31, 2007**	**December 31, 2006**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 139.6	137.2
Accounts receivable, net	458.0	469.4
Prepaid expenses and other	95.3	72.4
Deferred income taxes	75.5	71.8
Total current assets	768.4	750.8
Property and equipment, net	1,003.2	981.9
Goodwill	126.3	124.0
Deferred income taxes	121.7	142.2
Other	192.5	189.1
Total assets	$ 2,212.1	2,188.0
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Short-term borrowings	$ 26.7	33.4
Current maturities of long-term debt	8.8	10.5
Accounts payable	139.8	142.8
Income taxes payable	8.4	33.9
Accrued liabilities	400.9	386.1
Total current liabilities	584.6	606.7
Long-term debt	108.9	126.3
Accrued pension costs	133.8	135.5
Postretirement benefits other than pensions	173.6	180.1
Deferred revenue	168.6	164.5
Deferred income taxes	14.2	20.8
Other	219.9	200.3
Total liabilities	1,403.6	1,434.2
Commitments and contingent liabilities (notes 6 and 9)		
Shareholders equity:		
Common stock	48.5	48.5
Capital in excess of par value	428.7	414.7
Retained earnings	584.5	552.0
Accumulated other comprehensive loss	(253.2)	(261.4)

Total shareholders equity	808.5	753.8
Total liabilities and shareholders equity	$ 2,212.1	2,188.0

See accompanying notes to consolidated financial statements.

THE BRINK S COMPANY

and subsidiaries

Consolidated Statements of Operations

(Unaudited)

(In millions, except per share amounts)	Three Months Ended March 31, 2007	2006
Revenues	**$ 751.5**	**663.6**
Expenses:		
Operating expenses	575.9	514.7
Selling, general and administrative expenses	114.5	106.6
Total expenses	690.4	621.3
Other operating income, net	1.0	1.8
Operating profit	**62.1**	**44.1**
Interest expense	(2.8)	(4.3)
Interest and other income, net	1.6	5.4
Income from continuing operations before income taxes and minority interest	60.9	45.2
Provision for income taxes	25.5	17.1
Minority interest	7.0	3.9
Income from continuing operations	**28.4**	**24.2**
Income from discontinued operations, net of income taxes	0.3	379.2
Net income	**$ 28.7**	**403.4**
Earnings per common share		
Basic:		
Continuing operations	$ 0.61	0.42
Discontinued operations		6.57
Net income	0.62	6.99
Diluted:		
Continuing operations	$ 0.61	0.42
Discontinued operations		6.50
Net income	0.61	6.92
Weighted-average common shares outstanding		
Basic	46.3	57.7
Diluted	46.9	58.3
Cash dividends paid per common share	$ 0.0625	0.0250

See accompanying notes to consolidated financial statements.

THE BRINK S COMPANY

and subsidiaries

Consolidated Statement of Shareholders Equity

Three months ended March 31, 2007

(Unaudited)

(In millions)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance as of December 31, 2006	$ 48.5	414.7	552.0	(261.4)	753.8
Net income			28.7		28.7
Other comprehensive income				8.2	8.2
Common stock dividends			(2.8)		(2.8)
Proceeds from exercise of stock options		4.5			4.5
Settlement of employee benefits with common shares		4.5			4.5
Share-based compensation cost		1.4			1.4
Excess tax benefit of stock options exercised		3.6			3.6
Retire shares of common stock and other			(0.4)		(0.4)
Adoption of Financial Accounting Standards Board Interpretation 48 (see notes 1 and 5)			7.0		7.0
Balance as of March 31, 2007	$ 48.5	428.7	584.5	(253.2)	808.5

See accompanying notes to consolidated financial statements

THE BRINK S COMPANY

and subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

(In millions)	Three Months Ended March 31, 2007	2006
Cash flows from operating activities:		
Net income	$ 28.7	403.4
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Income from discontinued operations	(0.3)	(379.2)
Depreciation and amortization	44.3	39.1
Impairment charges from subscriber disconnects	11.2	10.7
Amortization of deferred revenue	(8.0)	(7.3)
Deferred income taxes	9.4	150.9
Provision for uncollectible accounts receivable	2.6	2.5
Share-based compensation	1.4	1.5
Other operating, net	10.4	10.3
Postretirement benefit funding (more) less than expense:		
Pension	1.5	3.4
Other than pension	(3.1)	(232.7)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	4.1	(17.8)
Accounts payable, income taxes payable and accrued liabilities	(2.8)	(155.9)
Deferral of subscriber acquisition cost	(5.8)	(6.1)
Deferral of revenue from new subscribers	12.1	11.0
Prepaid and other current assets	(20.0)	(10.7)
Other, net	7.4	1.6
Discontinued operations, net		20.9
Net cash provided (used) by operating activities	93.1	(154.4)
Cash flows from investing activities:		
Capital expenditures	(69.8)	(62.1)
Acquisitions	(2.5)	(1.7)
Marketable securities:		
Purchases		(990.6)
Sales	0.2	414.3
Cash proceeds from disposal of:		
BAX Global, net of $90.3 million of cash disposed		1,010.7
Other	3.4	0.7
Other, net	(0.3)	(0.5)
Discontinued operations, net		(5.2)
Net cash provided (used) by investing activities	(69.0)	365.6
Cash flows from financing activities:		
Long term debt:		
Additions	37.5	
Repayments	(56.9)	(149.8)
Short-term repayments, net	(6.8)	(11.1)
Dividends to:		
Shareholders of The Brink s Company	(2.8)	(1.4)

Minority interest holders in subsidiaries	(1.0)	(1.2)
Proceeds from exercise of stock options	4.5	6.2
Excess tax benefits from exercise of stock options	3.2	1.0
Other, net	(0.2)	(0.1)
Discontinued operations, net		5.4
Net cash used by financing activities	(22.5)	(151.0)
Effect of exchange rate changes on cash	0.8	2.2
Cash and cash equivalents:		
Increase	2.4	62.4
Balance at beginning of period	137.2	96.2
Amount held by BAX Global at December 31, 2005		78.6
Balance at end of period	$ 139.6	237.2

See accompanying notes to consolidated financial statements.

THE BRINK S COMPANY

and Subsidiaries

Notes to Consolidated Financial Statements

(Unaudited)

Note 1 Basis of presentation

The Brink s Company (along with its subsidiaries, the Company) has two operating segments:

Brink s, Incorporated (Brink s)

Brink s Home Security, Inc. (BHS)

The Company s unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting and applicable quarterly reporting regulations of the Securities and Exchange Commission (the SEC). Accordingly, the unaudited consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The Company has revised the 2006 presentation of minority interest from a deduction in arriving at income before income taxes to a reduction in earnings after taxes. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the Company s Annual Report on Form 10-K for the year ended December 31, 2006.

In accordance with GAAP, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements. Actual results could differ materially from those estimates. The most significant estimates used by management are related to goodwill and other long-lived assets, pension and other postretirement benefit obligations, and deferred tax assets.

New Adopted Accounting Standards

The Company adopted FASB Interpretation (FIN) 48, *Accounting for Uncertainty in Income Taxes an interpretation of SFAS 109,* effective January 1, 2007. This interpretation clarifies the accounting for uncertain tax positions. It prescribes a recognition threshold and measurement principle for tax positions taken or expected to be taken on tax returns. The adoption of this interpretation increased retaining earnings at January 1, 2007, by $7.0 million.

Note 2 Segment information

The Company conducts business in two operating segments: Brink s and BHS. These segments are identified by the Company based on how resources are allocated and operating decisions are made. Management evaluates performance and allocates resources based on operating profit or loss, excluding corporate allocations.

Brink s offers services globally including armored car transportation, automated teller machine (ATM) replenishment and servicing, currency deposit processing and cash management services including Cash Logistics services, deploying and servicing safes and safe control devices, including its patented CompuSafe® service, coin sorting and wrapping, integrated check and cash processing services (Virtual Vault Services), arranging the secure transportation of valuables (Global Services), transporting, storing and destroying sensitive information (Secure Data Solutions) and guarding services, including airport security. Brink s operates in approximately 50 countries.

Subsequent to March 31, 2007, a few customers in one country notified Brink s that they intend to discontinue service. As a result of expected lower revenue levels, Brink s may record significant asset impairment charges during the second quarter. In addition, management may need to take actions to significantly reduce costs. These actions may require significant charges in future quarters.

BHS offers monitored security services in North America primarily for owner-occupied, single-family residences. To a lesser extent, BHS offers security services for commercial and multi-family properties. BHS typically installs and owns the on-site security systems, and charges fees to monitor and service the systems.

	Three Months Ended March 31,	
(In millions)	**2007**	**2006**
Revenues:		
Brink s	$ 636.8	558.9
BHS	114.7	104.7
Revenues	$ 751.5	663.6
Operating profit:		
Brink s	$ 48.8	39.6
BHS	28.2	23.4
Business segments	77.0	63.0
Corporate	(11.6)	(12.0)
Former operations	(3.3)	(6.9)
Operating profit	$ 62.1	44.1

Note 3 Earnings per share

Shares used to calculate earnings per share are as follows:

(In millions)	Three Months Ended March 31, 2007	2006
Weighted-average common shares outstanding:		
Basic	46.3	57.7
Effect of dilutive stock options	0.6	0.6
Diluted	46.9	58.3
Antidilutive stock options excluded from denominator	0.2	

Shares of the Company s common stock held by The Brink s Company Employee Benefits Trust (the Employee Benefits Trust) that have not been allocated to participants under the Company s various benefit plans are excluded from earnings per share calculations since they are treated as treasury shares for the calculation of earnings per share. The Employee Benefits Trust held 2.0 million unallocated shares at March 31, 2007, and 0.6 million unallocated shares at March 31, 2006.

During 2006, the Company used proceeds from the sale of BAX Global to purchase 12.2 million shares of its common stock for $630.9 million, including 10.4 million shares purchased in a $530.9 million Dutch auction self-tender offer completed on April 11, 2006.

Note 4 Employee and retiree benefits

Pension plans

The Company has various defined benefit plans for eligible employees. Effective December 31, 2005, the Company froze benefit levels for its U.S. defined benefit pension plans.

The components of net periodic pension cost for the Company s pension plans were as follows:

(In millions)	U.S. Plans		Non-U.S. Plans		Total	
Three months ended March 31,	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Service cost	$		2.0	2.4	2.0	2.4
Interest cost on projected benefit obligation	10.8	10.3	2.4	2.3	13.2	12.6
Return on assets expected	(13.4)	(12.6)	(2.3)	(2.3)	(15.7)	(14.9)
Other amortization, net	2.7	3.9	0.8	1.1	3.5	5.0
Net periodic pension cost	$ 0.1	1.6	2.9	3.5	3.0	5.1

Postretirement benefits other than pensions

Company-Sponsored Plans

The Company provides postretirement health care benefits (the Company-sponsored plans) for eligible active and retired employees in the U.S. and Canada of the Company s current and former businesses, including eligible participants of the former coal operations (the coal-related plans). The components of net periodic postretirement cost related to Company-sponsored plans were as follows:

(In millions)	**Coal-related plans**		**Other plans**		**Total**	
Three months ended March 31,	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Service cost	$		0.1	0.1	0.1	0.1
Interest cost on accumulated postretirement benefit obligations (APBO)	7.9	8.4	0.2	0.3	8.1	8.7
Return on assets expected	(9.6)	(8.6)			(9.6)	(8.6)
Amortization of losses	3.0	4.4			3.0	4.4
Net periodic postretirement cost	$ 1.3	4.2	0.3	0.4	1.6	4.6

Pneumoconiosis (Black Lung) Obligations

The Company is self-insured with respect to almost all black lung obligations. The components of net periodic postretirement benefit cost related to black lung obligations were as follows:

	Three Months Ended March 31,	
(In millions)	**2007**	**2006**
Interest cost on APBO	$ 0.6	0.7
Amortization of losses	0.3	0.3
Net periodic postretirement cost	$ 0.9	1.0

Note 5 Income taxes

	Three Months Ended March 31, 2007	2006
Provision for income taxes (in millions)		
Continuing operations	$ 25.5	17.1
Discontinued operations	0.1	211.2
Effective tax rate		
Continuing operations	41.9%	37.8%
Discontinued operations	40.3%	35.8%

The effective income tax rate on continuing operations in the first quarter of 2007 was higher than the 35% U.S. statutory tax rate primarily due to $1.0 million of state tax expense and a $4.1 million increase in the valuation allowances for non-U.S. jurisdictions, including $2.4 million in a European country where the Company had previously concluded that valuation allowances were not necessary. This was partially offset by a $0.7 million benefit related to the Company s foreign tax credit position. The Company establishes or reverses valuation allowances for non-U.S. deferred tax assets depending on all available information including historical and expected future operating performance of its subsidiaries. Changes in judgement about the future realization of deferred tax assets could result in significant adjustments to the valuation allowances.

The effective income tax rate on continuing operations in the first quarter of 2006 was higher than the 35% U.S. statutory tax rate primarily due to $1.7 million in state tax expense and an increase in the valuation allowances by $1.1 million for non-U.S. jurisdictions where the Company had previously concluded that valuation allowances were necessary.

Effective January 1, 2007, the Company adopted FIN 48 and recorded a cumulative-effect adjustment of $7.0 million, reducing the amount of unrecognized tax benefits, interest, and penalties and increasing the balance of retained earnings.

At January 1, 2007, the Company had approximately $15 million of unrecognized tax benefits related to continuing operations, of which approximately $11 million (net of federal tax benefit) would have an effect, if recognized, on the effective tax rate. In addition, there were approximately $2.1 million of unrecognized tax benefits related to discontinued operations.

Included in the balance of unrecognized tax benefits at January 1, 2007, is $1.4 million related to tax positions for which it is reasonably possible that the total amounts could significantly change during 2007. This amount represents a possible decrease in unrecognized tax benefits comprising items related to state income tax audits, state settlement negotiations currently in progress and expiring statutes in foreign jurisdictions.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. At January 1, 2007, the Company had accrued $1.3 million for the potential payment of interest and $0.2 million for the potential payment of penalties.

There were no significant changes to unrecognized tax benefits or accrued interest and penalties during the first quarter of 2007.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. With a few exceptions, as of January 1, 2007, the Company was no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2003.

Note 6 Discontinued operations

(In millions)	Three Months Ended March 31, 2007	2006
BAX Global:		
Gain on sale	$	584.6
Results from operations January 2006		7.0
Adjustments to contingent liabilities of former operations	0.4	(1.2)
Income from discontinued operations before income taxes	0.4	590.4
Provision for income taxes	0.1	211.2
Income from discontinued operations	$ 0.3	379.2

On January 31, 2006, the Company sold BAX Global for approximately $1 billion in cash. As of March 31, 2006, the Company recorded a pretax gain of approximately $585 million ($374 million after tax) on the sale. Through December 31, 2006, the pretax gain on sale was adjusted to $587 million ($375 million after tax) upon settlement of closing adjustments with the purchaser. See note 9 for contingencies related to BAX Global.

Note 7 Supplemental cash flow information

(In millions)	Three Months Ended March 31, 2007	2006
Cash paid for:		
Interest	$ 1.6	5.4
Income taxes, net	14.7	15.7
Other noncash financing activities settlement of employee benefits with common shares	$ 4.5	4.0

Note 8 Comprehensive income

(In millions)	Three Months Ended March 31, 2007	2006
Net income	$ 28.7	403.4
Other comprehensive income (loss), net of divestitures, reclasses and taxes:		
Benefit plan experience loss	4.4	
Benefit plan prior service cost	0.2	
Minimum pension liability		11.1
Foreign currency translation adjustments	3.6	(4.4)
Other comprehensive income	8.2	6.7
Comprehensive income	$ 36.9	410.1

Note 9 Other commitments and contingencies

BAX Global s litigation

BAX Global is defending a claim related to the apparent diversion by a third party of goods being transported for a customer. Although BAX Global is defending this claim vigorously and believes that its defenses have merit, it is possible that this claim ultimately may be decided in favor of the claimant. If so, the Company expects that the ultimate amount of reasonably possible unaccrued losses could range from $0 to $10 million. The Company has contractually indemnified the purchaser of BAX Global for this contingency.

BAX Global s taxes

The Company has retained all pre-closing tax assets and liabilities related to BAX Global, except deferred income taxes. The Company has approximately $7 million accrued for these net tax liabilities at March 31, 2007.

Value-added taxes (VAT) and customs duties

During 2004, the Company determined that one of its non-U.S. Brink s business units had not paid customs duties and VAT with respect to the importation of certain goods and services. The Company was advised that civil and criminal penalties could be asserted for the non-payment of these customs duties and VAT. Although no penalties have been asserted to date, they could be asserted at any time. The business unit has provided the appropriate government authorities with an accounting of unpaid customs duties and VAT and has made payments covering its calculated unpaid VAT. As a result of its investigation, the Company accrued charges of $1.1 million to operating profit and recorded estimated interest expense of $0.7 million related to this matter during 2004. The Company believes that the range of reasonably possible losses is between $0.4 million and $3.0 million for potential penalties on unpaid VAT and has accrued $0.4 million. The Company believes that the range of possible losses for unpaid customs duties and associated penalties, none of which has been accrued, is between $0 and $35 million. The Company believes that the assertion of the penalties on unpaid customs duties would be excessive and would vigorously defend against any such assertion. The Company does not expect to be assessed interest charges in connection with any penalties that may be asserted. The Company continues to diligently pursue the timely resolution of this matter and, accordingly, the Company s estimate of the potential losses could change materially in future periods. The assertion of potential penalties may be material to the Company s financial position and results of operations.

Other loss contingencies

The Company also has other contingent liabilities, primarily related to former coal operations, including obligations for the expected settlement of coal-related workers compensation claims and reclamation obligations.

THE BRINK S COMPANY

and Subsidiaries

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

The Brink s Company (along with its subsidiaries, the Company) has two operating segments:

Brink s, Incorporated (Brink s)	Brink s offers transportation and logistics management services for cash and valuables throughout the world. These services include armored car transportation, automated teller machine (ATM) replenishment and servicing, currency deposit processing and cash management services including Cash Logistics services, deploying and servicing safes and safe control devices, including its patented CompuSafe® service, coin sorting and wrapping, integrated check and cash processing services (Virtual Vault Services), arranging the secure transportation of valuables (Global Services), transporting, storing, and destroying sensitive information (Secure Data Solutions) and guarding services, including airport security.
Brink s Home Security, Inc. (BHS)	BHS offers monitored security services in North America primarily for owner-occupied, single-family residences. To a lesser extent, BHS offers security services for commercial and multi-family properties. BHS typically installs and owns the on-site security systems and charges fees to monitor and service the systems.

The Company sold BAX Global Inc. (BAX Global), a wholly owned freight transportation subsidiary, in 2006 for approximately $1 billion in cash. See Discontinued Operations for a description of the transaction and see Liquidity and Capital Resources for a description of how the Company used the proceeds.

The Company has significant obligations associated with its former coal operations and expects to have significant ongoing expenses and cash outflows related to its former coal operations. The Company has funded a significant portion of the postretirement medical benefit obligation related to its former coal operations through its Voluntary Employees Beneficiary Association trust (VEBA). The market value of the VEBA s assets at March 31, 2007, was approximately $463 million.

RESULTS OF OPERATIONS

Overview

(In millions)	Three Months Ended March 31, 2007	2006
Income from:		
Continuing operations	$ 28.4	24.2
Discontinued operations	0.3	379.2
Net income	$ 28.7	403.4

The income items in the above table are reported after tax.

Income from continuing operations improved in the first quarter of 2007 versus the first quarter of the prior-year primarily due to improved operating profit at Brink s and BHS. Brink s operating profit improved in the first quarter of 2007 from the same prior-year period primarily due to higher revenues in Latin America. BHS continued a trend of reporting higher operating profit.

Expenses related to former operations were lower primarily due to lower expenses for postretirement medical benefits. These improvements were offset by a return to an aggregate net expense for nonoperating items, which include interest expense and interest and other income, net. In 2006, income from the temporary investment of the proceeds from the sale of BAX Global resulted in a net benefit for these nonoperating items. The Company expects these nonoperating items to remain in an aggregate net expense position for the balance of 2007.

Income from discontinued operations in the first quarter of last year was primarily a result of the after-tax gain on the sale of BAX Global.

Consolidated Review

(In millions)	Three Months Ended March 31, 2007	2006	% change
Revenues:			
Brink s	$ 636.8	558.9	14
BHS	114.7	104.7	10
Revenues	$ 751.5	663.6	13
Operating profit:			
Brink s	$ 48.8	39.6	23
BHS	28.2	23.4	21
Business segments	77.0	63.0	22
Corporate	(11.6)	(12.0)	(3)
Former operations	(3.3)	(6.9)	(52)
Operating profit	62.1	44.1	41
Interest expense	(2.8)	(4.3)	(35)
Interest and other income, net	1.6	5.4	(70)
Income from continuing operations before income taxes and minority interest	60.9	45.2	35
Provision for income taxes	25.5	17.1	49
Minority interest	7.0	3.9	79
Income from continuing operations	28.4	24.2	17
Income from discontinued operations, net of income taxes	0.3	379.2	(100)
Net income	$ 28.7	403.4	(93)

Revenues

Brink s revenues in the first quarter of 2007 increased over the first quarter of 2006 due to growth in existing operations and favorable changes in foreign currency exchange rates. BHS revenues increased year over year primarily as a result of the larger subscriber base.

Operating Profit

The Company s consolidated operating profit increased 41% in the first quarter of 2007 compared to the same period last year primarily as a result of strong operating profit growth from both operating segments. Brink s operating profit for the first quarter of 2007 included significant operating profit growth in Latin America. Operating profit in Europe, Middle East, and Africa (EMEA) was slightly higher than in the first quarter of 2006. North American operating profit for the first quarter of 2007 was level with the prior-year quarter. BHS operating profit for the current quarter improved due to incremental revenues and cost efficiencies generated from the larger subscriber base. BHS operating profit in 2007 also includes $0.4 million of other operating income from the partial settlement of insurance claims related to Hurricane Katrina.

Expenses related to former operations were $3.6 million lower in the first quarter of 2007 compared to the same period last year primarily due to lower postretirement medical expenses.

Brink s, Incorporated

(In millions)	Three Months Ended March 31, 2007	2006	% change
Revenues:			
North America (a)	$ 211.2	201.3	5
International	425.6	357.6	19
	$ 636.8	558.9	14
Operating profit:			
North America (a)	$ 18.3	18.4	(1)
International	30.5	21.2	44
	$ 48.8	39.6	23
Cash flow information:			
Depreciation and amortization	$ 25.6	23.2	10
Capital expenditures	26.3	19.9	32