BRINKS CO
Form 10-Q
April 29, 2014

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, 2014

¨ 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 001-09148

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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.
(Check one): Large Accelerated Filer x Accelerated Filer ¨ Non-Accelerated Filer ¨ Smaller Reporting Company ¨

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 April 21, 2014, 48,435,731 shares of $1 par value common stock were outstanding.

1

Part I - Financial Information
Item 1. Financial Statements

THE BRINK'S COMPANY
and subsidiaries

Consolidated Balance Sheets
(Unaudited)

| (In millions) | | March 31, 2014 | December 31, 2013 |
|---|---|---|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ | 201.5 | 255.5 |
| Accounts receivable, net | | 562.4 | 622.2 |
| Prepaid expenses and other | | 150.7 | 153.0 |
| Deferred income taxes | | 64.4 | 72.0 |
| Total current assets | | 979.0 | 1,102.7 |
| | | | |
| Property and equipment, net | | 736.9 | 758.7 |
| Goodwill | | 241.2 | 240.2 |
| Other intangibles | | 45.5 | 46.3 |
| Deferred income taxes | | 245.4 | 251.7 |
| Other | | 101.4 | 98.4 |
| | | | |
| Total assets | $ | 2,349.4 | 2,498.0 |
| | | | |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Short-term borrowings | $ | 59.3 | 80.9 |
| Current maturities of long-term debt | | 35.2 | 24.6 |
| Accounts payable | | 167.0 | 185.6 |
| Accrued liabilities | | 476.5 | 507.5 |
| Total current liabilities | | 738.0 | 798.6 |
| | | | |
| Long-term debt | | 386.4 | 330.5 |
| Accrued pension costs | | 195.5 | 214.8 |
| Retirement benefits other than pensions | | 184.7 | 186.0 |
| Deferred income taxes | | 15.1 | 18.0 |
| Other | | 134.0 | 170.6 |
| Total liabilities | | 1,653.7 | 1,718.5 |
| | | | |
| Contingent liabilities (notes 3, 4 and 11) | | | |

| | | | |
|---|---|---|---|
| Equity: | | | |
| The Brink’s Company (“Brink’s”) shareholders: | | | |
| Common stock | | 48.4 | 48.4 |
| Capital in excess of par value | | 572.2 | 566.4 |
| Retained earnings | | 633.0 | 696.4 |
| Accumulated other comprehensive loss | | (613.8) | (617.3) |
| Brink’s shareholders | | 639.8 | 693.9 |
| Noncontrolling interests | | 55.9 | 85.6 |
| Total equity | | 695.7 | 779.5 |
| Total liabilities and equity | $ | 2,349.4 | 2,498.0 |

See accompanying notes to consolidated financial statements.

2

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statements of Income (Loss)
(Unaudited)

| | | Three Months Ended March 31, | |
|---|---|---|---|
| (In millions, except for per share amounts) | | 2014 | 2013 |
| Revenues | $ | 991.6 | 950.5 |
| Costs and expenses: | | | |
| Cost of revenues | | 795.6 | 792.6 |
| Selling, general and administrative expenses | | 145.4 | 131.9 |
| Total costs and expenses | | 941.0 | 924.5 |
| Other operating income (expense) | | (123.1) | (8.7) |
| Operating profit (loss) | | (72.5) | 17.3 |
| Interest expense | | (5.8) | (5.9) |
| Interest and other income (expense) | | (0.3) | 0.6 |
| Income (loss) from continuing operations before tax | | (78.6) | 12.0 |
| Provision (benefit) for income taxes | | 9.0 | 5.4 |
| Income (loss) from continuing operations | | (87.6) | 6.6 |
| Income (loss) from discontinued operations, net of tax | | (0.1) | (19.5) |
| Net income (loss) | | (87.7) | (12.9) |
| Less net income (loss) attributable to noncontrolling interests | | (29.2) | 3.7 |
| Net income (loss) attributable to Brink's | | (58.5) | (16.6) |
| Amounts attributable to Brink's | | | |
| Continuing operations | | (58.4) | 2.9 |
| Discontinued operations | | (0.1) | (19.5) |
| Net income (loss) attributable to Brink's | $ | (58.5) | (16.6) |
| Earnings (loss) per share attributable to Brink's common shareholders(a): | | | |
| Basic: | | | |
| Continuing operations | $ | (1.19) | 0.06 |
| Discontinued operations | | - | (0.40) |
| Net income (loss) | $ | (1.20) | (0.34) |
| Diluted: | | | |
| Continuing operations | $ | (1.19) | 0.06 |

| | | | |
|---|---|---|---|
| Discontinued operations | | - | (0.40) |
| Net income (loss) | $ | (1.20) | (0.34) |
| | | | |
| Weighted-average shares | | | |
| Basic | | 48.9 | 48.6 |
| Diluted | | 48.9 | 48.9 |
| | | | |
| Cash dividends paid per common share | $ | 0.10 | 0.10 |

(a) Amounts may not add due to rounding.

See accompanying notes to consolidated financial statements.

THE BRINK’S COMPANY
and subsidiaries

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| (In millions) | 2014 | 2013 |
| Net income (loss) | $ (87.7) | (12.9) |
| Benefit plan adjustments: | | |
| Benefit plan experience gains | 10.5 | 17.8 |
| Benefit plan prior service cost (credit) | (0.4) | 1.0 |
| Total benefit plan adjustments | 10.1 | 18.8 |
| Foreign currency translation adjustments | (4.2) | (6.7) |
| Gains (losses) on cash flow hedges | 0.6 | (0.4) |
| Other comprehensive income before tax | 6.5 | 11.7 |
| Provision (benefit) for income taxes | 3.7 | 6.5 |
| Other comprehensive income | 2.8 | 5.2 |
| Comprehensive income (loss) | (84.9) | (7.7) |
| Less comprehensive income (loss) attributable to noncontrolling interests | (29.9) | 3.1 |
| Comprehensive income (loss) attributable to Brink's | $ (55.0) | (10.8) |

See accompanying notes to consolidated financial statements.

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statement of Equity

Three Months ended March 31, 2014
(Unaudited)

| | Attributable to Brink's | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (In millions) | Shares | | Common Stock | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Loss | Attributable to Noncontrolling Interests | Total |
| Balance as of December 31, 2013 | 48.4 | $ | 48.4 | 566.4 | 696.4 | (617.3) | 85.6 | 779.5 |
| Net income (loss) | - | | - | - | (58.5) | - | (29.2) | (87.7) |
| Other comprehensive income (loss) | - | | - | - | - | 3.5 | (0.7) | 2.8 |
| Dividends to: | | | | | | | | |
| Brink's common shareholders ($0.10 per share) | - | | - | - | (4.8) | - | - | (4.8) |
| Noncontrolling interests | - | | - | - | - | - | (0.1) | (0.1) |
| Share-based compensation: | | | | | | | | |
| Stock options and awards: | | | | | | | | |
| Compensation expense | - | | - | 5.9 | - | - | - | 5.9 |
| Other share-based benefit programs | - | | - | (0.1) | (0.1) | - | - | (0.2) |
| Capital contributions from noncontrolling interest | - | | - | - | - | - | 0.3 | 0.3 |
| Balance as of March 31, 2014 | 48.4 | $ | 48.4 | 572.2 | 633.0 | (613.8) | 55.9 | 695.7 |

See accompanying notes to consolidated financial statements

THE BRINK'S COMPANY
and subsidiaries

Consolidated Statements of Cash Flows
(Unaudited)

| | | Three Months Ended March 31, | |
|---|---|---|---|
| (In millions) | | 2014 | 2013 |
| | | | |
| Cash flows from operating activities: | | | |
| Net income (loss) | $ | (87.7) | (12.9) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Loss from discontinued operations, net of tax | | 0.1 | 19.5 |
| Depreciation and amortization | | 43.6 | 42.1 |
| Share-based compensation expense | | 5.9 | 0.8 |
| Deferred income taxes | | (15.8) | (12.8) |
| Gains and losses: | | | |
| Sales of available-for-sale securities | | (0.1) | (0.2) |
| Sales of property and other assets | | (0.3) | (0.3) |
| Retirement benefit funding (more) less than expense: | | | |
| Pension | | (0.2) | 8.5 |
| Other than pension | | 1.8 | 3.2 |
| Loss on Venezuela currency devaluation | | 121.9 | 13.4 |
| Other operating | | 1.7 | (1.1) |
| Changes in operating assets and liabilities, net of effects of acquisitions: | | | |
| Accounts receivable | | (39.4) | (36.1) |
| Accounts payable, income taxes payable and accrued liabilities | | 6.4 | (15.8) |
| Customer obligations | | 6.4 | 16.8 |
| Prepaid and other current assets | | (14.2) | (8.5) |
| Other | | (0.5) | (5.8) |
| Discontinued operations | | 1.0 | (7.5) |
| Net cash provided by operating activities | | 30.6 | 3.3 |
| | | | |
| Cash flows from investing activities: | | | |
| Capital expenditures | | (24.3) | (33.4) |
| Acquisitions | | - | (19.0) |
| Sale of available-for-sale securities | | 0.2 | 9.3 |
| Cash proceeds from sale of property, equipment and investments | | 0.4 | 0.3 |
| Other | | (0.2) | (0.2) |
| Discontinued operations | | (4.7) | (2.3) |
| Net cash used by investing activities | | (28.6) | (45.3) |
| | | | |
| Cash flows from financing activities: | | | |
| Borrowings (repayments) of debt: | | | |
| Short-term debt | | (13.9) | 43.0 |

| | | | |
|---|---|---|---|
| Long-term revolving credit facilities | | 70.0 | 82.0 |
| Repayments of long-term debt | | | |
| Borrowings | | 1.2 | - |
| Repayments | | (11.9) | (7.4) |
| Acquisition of noncontrolling interests in subsidiaries | | - | (18.5) |
| Payment of acquisition-related obligation | | - | (8.1) |
| Dividends to: | | | |
| Shareholders of Brink's | | (4.8) | (4.8) |
| Noncontrolling interests in subsidiaries | | (0.1) | (0.2) |
| Proceeds from exercise of stock options | | - | 0.2 |
| Minimum tax withholdings associated with share-based compensation | | (0.1) | (1.6) |
| Other | | (0.2) | - |
| Discontinued operations | | - | 0.9 |
| Net cash provided by financing activities | | 40.2 | 85.5 |
| Effect of exchange rate changes on cash | | (96.2) | (10.4) |
| Cash and cash equivalents: | | | |
| Increase (decrease) | | (54.0) | 33.1 |
| Balance at beginning of period | | 255.5 | 201.7 |
| Balance at end of period | $ | 201.5 | 234.8 |

See accompanying notes to consolidated financial statements

6

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, "Brink's" or "we") has four geographic operating segments:
- Latin America
- Europe, Middle East, and Africa ("EMEA")
- North America (U.S. and Canada)
- Asia Pacific

Our unaudited interim 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. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes in our Annual Report on Form 10-K for the year ended December 31, 2013.

We have 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 these estimates. The most significant estimates are related to goodwill and other long-lived assets, pension and other retirement benefit obligations, legal contingencies, foreign currency translation and deferred tax assets.

The consolidated financial statements include all of the assets, liabilities, revenues, expenses and cash flows of Brink's and all entities in which Brink's has a controlling voting interest. Intercompany accounts and transactions between consolidated companies have been eliminated in consolidation.

Foreign Currency Translation
Our consolidated financial statements are reported in U.S. dollars. Our foreign subsidiaries maintain their records primarily in the currency of the country in which they operate.

The method of translating local currency financial information into U.S. dollars depends on whether the economy in which our foreign subsidiary operates has been designated as highly inflationary or not. Economies with a three-year cumulative inflation rate of more than 100% are considered highly inflationary.

Assets and liabilities of foreign subsidiaries in non-highly inflationary economies are translated into U.S. dollars using rates of exchange at the balance sheet date. Translation adjustments are recorded in other comprehensive income (loss). Revenues and expenses are translated at rates of exchange in effect during the year. Transaction gains and losses are recorded in net income.

Foreign subsidiaries that operate in highly inflationary countries use the U.S. dollar as their functional currency. Local-currency monetary assets and liabilities are remeasured into U.S. dollars using rates of exchange as of each balance sheet date, with remeasurement adjustments and other transaction gains and losses recognized in earnings. Non-monetary assets and liabilities do not fluctuate with changes in local currency exchange rates to the dollar.

Venezuela

The economy in Venezuela has had significant inflation in the last several years. We consolidate our Venezuelan results using our accounting policy for subsidiaries operating in highly inflationary economies.

Since 2003, the Venezuelan government has controlled the exchange of local currency into other currencies, including the U.S. dollar. The Venezuelan government requires that currency exchanges be made at official rates or through auctions controlled by the government. Different exchange processes exist for different industries and purposes. The government does not approve all requests to convert bolivars to other currencies.

The government devalued the official rate for essential services in February 2013 from 5.3 to 6.3 bolivars to the dollar. Late in 2013, the government added another official exchange process, known as SICAD, for travel and certain other purposes, made available at government discretion. The published rate for this process in the first quarter of 2014 ranged from 10.7 to 11.8 bolivars to the U.S. dollar. Since the end of the first quarter of 2013, we have been unable to obtain dollars using either of these processes and we do not expect to be able to obtain dollars using these processes in the foreseeable future.

On March 24, 2014, the government initiated another exchange mechanism known as SICAD II. Conversions under this mechanism are also subject to specific eligibility requirements. Transactions have been reported to be in a range of 50 to 52 bolivars to the dollar. We exchanged 15.6 million bolivars for $300,000 (exchange rate of 52) through the SICAD II mechanism in March 2014. We do not know whether we will be able to access dollars under this new process on a consistent basis in the future.

As a result of the restrictions on currency exchange, we have in the past been unable to obtain sufficient U.S. dollars to purchase certain imported supplies and fixed assets to fully operate our business in Venezuela. As a result, we have occasionally purchased more expensive, bolivar-denominated supplies and fixed assets. We currently believe that we will be able to access dollars for our needs under the current SICAD II process, although there is a risk that this process will be discontinued or not accessible when needed in the future, which may prevent us from obtaining dollars to operate our Venezuelan operations.

Remeasurement rates during 2013. Through January 31, 2013, we used an official rate of 5.3 bolivars to the dollar to remeasure our bolivar-denominated monetary assets and liabilities into U.S. dollars and to translate our revenue and expenses. After the devaluation in February 2013, we began to use the 6.3 official exchange rate to remeasure bolivar denominated monetary assets and liabilities and to translate our revenue and expenses. We recognized a $13.4 million net remeasurement loss in the first quarter of 2013 when we changed from the 5.3 to 6.3 exchange rate. The after-tax effect of these losses attributable to noncontrolling interests were $4.7 million in the first quarter of 2013.

Remeasurement rates during 2014. Through March 23, 2014, we used the official rate of 6.3 bolivars to the dollar to remeasure our bolivar denominated monetary assets and liabilities into U.S. dollars and to translate our revenue and expenses. Effective March 24, 2014, we began to use the exchange rate published for the SICAD II process to remeasure bolivar denominated monetary assets and liabilities and to translate our revenue and expenses. We recognized a $121.9 million net remeasurement loss in the first quarter of 2014 when we changed from the official rate of 6.3 to SICAD II exchange rate, which averaged 51 in the 7 days ending March 31, 2014, and was 50 at March 31, 2014. The after-tax effect of these losses attributable to noncontrolling interests were $39.7 million in the first quarter of 2014.

Brink’s Venezuela accounted for $131.3 million or 13% of total Brink’s revenues and represented a significant component of total segment operating profit in the three months ended March 31, 2014.

Because we began remeasuring our Venezuelan results effective March 24, 2014, using the SICAD II rate:

- We do not expect Brink’s Venezuela to be a significant component of Brink’s consolidated revenue or operating profit in the last nine months of 2014.
- Our investment in our Venezuelan operations on an equity-method basis declined from $125.3 million at December 31, 2013, to $66.6 million at March 31, 2014.
- Our bolivar-denominated net monetary assets declined from $120.4 million (including $93.8 million of cash and cash equivalents) at December 31, 2013, to $23.5 million (including $13.8 million of cash and cash equivalents) at March 31, 2014.

Note 2 – Segment information

We identify our operating segments based on how our chief operating decision maker ("CODM") allocates resources, assesses performance and makes decisions. Our CODM is our President, and Chief Executive Officer. Our CODM evaluates performance and allocates resources based on operating profit or loss for the geographic components of Brink's, excluding non-segment expenses.

We have four geographic operating segments: Latin America; Europe, Middle East and Africa ("EMEA"); North America and Asia Pacific. These four operating segments are also our reportable segments.

We currently serve customers in more than 100 countries, including 43 countries where we operate subsidiaries.

The primary services of the reportable segments include:

- Cash-in-Transit ("CIT") Services – armored vehicle transportation of valuables
- ATM Services – replenishing and maintaining customers' automated teller machines; providing network infrastructure services
- Global Services – secure international transportation of valuables
- Cash Management Services
  - Currency and coin counting and sorting; deposit preparation and reconciliations; other cash management services
  - Safe and safe control device installation and servicing (including our patented CompuSafe® service)
  - Check and cash processing services for banking customers ("Virtual Vault Services")
  - Check imaging services for banking customers
- Payment Services – bill payment and processing services on behalf of utility companies and other billers at any of our Brink's or Brink's operated payment locations in Latin America; Brink's Money™ prepaid payroll cards; Brink's Checkout e-commerce online payment services
- Security and Guarding Services – protection of airports, offices, and certain other locations in Europe with or without electronic surveillance, access control, fire prevention and highly trained patrolling personnel

| | Three Months Ended March 31, | |
|---|---|---|
| (In millions) | 2014 | 2013 |
| Revenues: | | |
| Latin America | $ 438.4 | 412.9 |
| EMEA | 298.0 | 277.8 |
| North America | 220.1 | 223.2 |
| Asia Pacific | 35.1 | 36.6 |
| Revenues | $ 991.6 | 950.5 |

| | Three Months Ended March 31, | |
|---|---|---|
| (In millions) | 2014 | 2013 |
| Operating profit (loss): | | |
| Latin America | $ (74.8) | 23.4 |
| EMEA | 14.8 | 8.6 |
| North America | 1.1 | (2.0) |

| | | | |
|---|---|---|---|
| Asia Pacific | | 4.4 | 4.3 |
| | Segment operating profit (loss) | (54.5) | 34.3 |
| Non-segment | | (18.0) | (17.0) |
| | Operating profit (loss) | $ (72.5) | 17.3 |

9

Note 3 – Retirement benefits

Pension plans
We have various defined-benefit pension plans covering eligible current and former employees. Benefits under most plans are based on salary and years of service.

The components of net periodic pension cost for our pension plans were as follows:

| | U.S. Plans | | Non-U.S. Plans | | Total | |
|---|---|---|---|---|---|---|
| (In millions) | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Three months ended March 31, | | | | | | |
| Service cost | $ - | - | 3.5 | 3.6 | 3.5 | 3.6 |
| Interest cost on projected benefit obligation | 11.4 | 10.6 | 5.8 | 4.8 | 17.2 | 15.4 |
| Return on assets – expected | (15.4) | (14.2) | (3.8) | (3.2) | (19.2) | (17.4) |
| Amortization of losses | 7.2 | 11.3 | 0.5 | 1.6 | 7.7 | 12.9 |
| Amortization of prior service cost | - | - | 0.2 | 0.6 | 0.2 | 0.6 |
| Settlement loss | - | - | 0.7 | 0.3 | 0.7 | 0.3 |
| Net periodic pension cost | $ 3.2 | 7.7 | 6.9 | 7.7 | 10.1 | 15.4 |

In the first three months of 2014, we made a $3.4 million cash contribution to our primary U.S. pension plan. We are required to contribute an additional $22.5 million to the primary U.S. pension plan during the remainder of 2014, which we intend to fund using cash.

Retirement benefits other than pensions
We provide retirement healthcare benefits for eligible current and former U.S., Canadian, and Brazilian employees. Retirement benefits related to our former U.S. coal operation include medical benefits provided by the Pittston Coal Group Companies Employee Benefit Plan for UMWA Represented Employees (the “UMWA plans”) as well as costs related to Black Lung obligations.

The components of net periodic postretirement cost related to retirement benefits other than pensions were as follows:

| | UMWA Plans | | Black Lung and Other Plans | | Total | |
|---|---|---|---|---|---|---|
| (In millions) | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Three months ended March 31, | | | | | | |
| Service cost | $ - | - | - | 0.1 | - | 0.1 |
| Interest cost on accumulated postretirement benefit obligations | 4.8 | 5.0 | 0.6 | 0.5 | 5.4 | 5.5 |
| Return on assets – expected | (5.6) | (5.2) | - | - | (5.6) | (5.2) |
| Amortization of losses | 3.7 | 5.0 | 0.2 | 0.1 | 3.9 | 5.1 |
| Amortization of prior service (credit) cost | (1.1) | - | 0.4 | 0.4 | (0.7) | 0.4 |
| Net periodic postretirement cost | $ 1.8 | 4.8 | 1.2 | 1.1 | 3.0 | 5.9 |

Note 4 – Income taxes

| | Three Months Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| Continuing operations | | |
| Provision for income taxes (in millions) | $ 9.0 | 5.4 |
| Effective tax rate | (11.5)% | 45.0 % |

2014 Compared to U.S. Statutory Rate

The effective income tax rate on continuing operations in the first quarter of 2014 was negative and less than the 35% U.S. statutory tax rate primarily due to the significant remeasurement charge resulting from the currency devaluation in Venezuela in the first quarter. This remeasurement charge caused our first quarter before tax earnings to be negative and is largely nondeductible for tax purposes. Excluding the aforementioned Venezuela remeasurement charge and associated tax implications, our effective tax rate on continuing operations in the first quarter is 37%.

2013 Compared to U.S. Statutory Rate

The effective income tax rate on continuing operations in the first quarter of 2013 was higher than the 35% U.S. statutory tax rate primarily due to a nondeductible remeasurement charge resulting from the effects of currency devaluation in Venezuela.

Note 5 – Accumulated other comprehensive income (loss)

Other comprehensive income (loss), including the amounts reclassified from accumulated other comprehensive income (loss) into earnings, was as follows:

| | Amounts Arising During the Current Period | | Amounts Reclassified to Net Income (Loss) | | |
|---|---|---|---|---|---|
| (In millions) | Pretax | Income Tax | Pretax | Income Tax | Total Other Comprehensive Income (Loss) |
| Three months ended March 31, 2014 | | | | | |
| Amounts attributable to Brink's: | | | | | |
| Benefit plan adjustments | $ (1.7) | 0.3 | 11.7 | (4.0) | 6.3 |
| Foreign currency translation adjustments | (3.4) | - | - | - | (3.4) |
| Unrealized gains (losses) on available-for-sale securities | (0.1) | - | 0.1 | - | - |
| Gains (losses) on cash flow hedges | (0.3) | - | 0.9 | - | 0.6 |
| | (5.5) | 0.3 | 12.7 | (4.0) | 3.5 |
| Amounts attributable to noncontrolling interests: | | | | | |
| Benefit plan adjustments | - | - | 0.1 | - | 0.1 |
| Foreign currency translation adjustments | (0.8) | - | - | - | (0.8) |
| | (0.8) | - | 0.1 | - | (0.7) |
| Total | | | | | |
| Benefit plan adjustments(a) | (1.7) | 0.3 | 11.8 | (4.0) | 6.4 |
| Foreign currency translation adjustments | (4.2) | - | - | - | (4.2) |
| Unrealized gains (losses) on available-for-sale securities(b) | (0.1) | - | 0.1 | - | - |
| Gains (losses) on cash flow hedges(c) | (0.3) | - | 0.9 | - | 0.6 |
| | $ (6.3) | 0.3 | 12.8 | (4.0) | 2.8 |
| Three months ended March 31, 2013 | | | | | |
| Amounts attributable to Brink's: | | | | | |
| Benefit plan adjustments | $ (0.5) | 0.1 | 19.2 | (6.7) | 12.1 |
| Foreign currency translation adjustments | (5.9) | - | (0.1) | 0.1 | (5.9) |
| Unrealized gains (losses) on available-for-sale securities | 0.2 | (0.1) | (0.2) | 0.1 | - |
| Gains (losses) on cash flow hedges | (0.2) | - | (0.2) | - | (0.4) |
| | (6.4) | - | 18.7 | (6.5) | 5.8 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Amounts attributable to noncontrolling interests: | | | | | | |
| | Benefit plan adjustments | - | - | 0.1 | - | 0.1 |
| | Foreign currency translation adjustments | (0.7) | - | - | - | (0.7) |
| | | (0.7) | - | 0.1 | - | (0.6) |
| Total | | | | | | |
| | Benefit plan adjustments(a) | (0.5) | 0.1 | 19.3 | (6.7) | 12.2 |
| | Foreign currency translation adjustments(d) | (6.6) | - | (0.1) | 0.1 | (6.6) |
| | Unrealized gains (losses) on available-for-sale securities(b) | 0.2 | (0.1) | (0.2) | 0.1 | - |
| | Gains (losses) on cash flow hedges(c) | (0.2) | - | (0.2) | - | (0.4) |
| | | $ (7.1) | - | 18.8 | (6.5) | 5.2 |

(a) The amortization of prior experience losses and prior service cost is part of total net periodic retirement benefit cost when reclassified to net income. Net periodic retirement benefit cost also includes service costs, interest costs, expected returns on assets, and settlement costs. The total pretax expense is allocated between cost of revenues and selling, general and administrative expenses on a plan-by-plan basis:

| | | Three Months Ended March 31. | |
|---|---|---|---|
| (In millions) | | 2014 | 2013 |
| Total net periodic retirement benefit cost included in: | | | |
| | Cost of revenues | $ 10.3 | 17.0 |
| | Selling, general and administrative expenses | 2.8 | 4.3 |

(b) Gains and losses on sales of available-for-sale securities are reclassified from accumulated other comprehensive loss to the income statement when the gains or losses are realized. Pretax amounts are classified in the income statement as interest and other income (expense).

(c) Pretax gains and losses on cash flow hedges are classified in the income statement as:

- other operating income (expense) ($0.7 million losses in the three months ended March 31, 2014 and $0.4 million gains in the three months ended March 31, 2013)

- interest and other income (expense) ($0.2 million losses in the three months ended March 31, 2014 and $0.2 million losses in the three months ended March 31, 2013)

(d) Pretax foreign currency translation adjustments reclassified to the income statement in 2013 relate to the sale of operations in Poland. The amounts are included in loss from discontinued operations in the income statement.

The changes in accumulated other comprehensive loss attributable to Brink’s are as follows:

| (In millions) | | Benefit Plan Adjustments | Foreign Currency Translation Adjustments | Unrealized Gains (Losses) on Available-for-Sale Securities | Gains (Losses) on Cash Flow Hedges | Total |
|---|---|---|---|---|---|---|
| Balance as of December 31, 2013 | $ | (478.0) | (141.5) | 1.6 | 0.6 | (617.3) |
| Other comprehensive income (loss) before reclassifications | | (1.4) | (3.4) | (0.1) | (0.3) | (5.2) |
| Amounts reclassified from accumulated other comprehensive loss | | 7.7 | - | 0.1 | 0.9 | 8.7 |
| Other comprehensive income (loss) attributable to Brink's | | 6.3 | (3.4) | - | 0.6 | 3.5 |
| Balance as of March 31, 2014 | $ | (471.7) | (144.9) | 1.6 | 1.2 | (613.8) |

Note 6 – Fair value of financial instruments

Investments in Available-for-sale Securities

We have investments in mutual funds designated as available-for-sale securities that are carried at fair value in the financial statements. For these investments, fair value was estimated based on quoted prices categorized as a Level 1 valuation. Valuation levels were defined in our 2013 Form 10-K.

Fixed-Rate Debt

The fair value and carrying value of our fixed-rate debts are as follows:

| (In millions) | | March 31, 2014 | December 31, 2013 |
|---|---|---|---|
| DTA bonds | | | |
| Carrying value | $ | 43.2 | 43.2 |
| Fair value | | 43.1 | 42.8 |
| Unsecured notes issued in a private placement | | | |
| Carrying value | | 100.0 | 100.0 |
| Fair value | | 105.4 | 105.8 |

The fair value estimate of our obligation related to the fixed-rate Dominion Terminal Associates (“DTA”) bonds is based on price information observed in a less-active market, which we have categorized as a Level 2 valuation.

The fair value estimate of our unsecured private-placement notes is based on the present value of future cash flows, discounted at rates for similar instruments at the respective measurement dates, which we have categorized as a Level 3 valuation.

There were no transfers in or out of any of the levels of the valuation hierarchy in the first three months of 2014.

Other Financial Instruments

Other financial instruments include cash and cash equivalents, short-term fixed rate deposits, accounts receivable, floating rate debt, accounts payable and accrued liabilities. The financial statement carrying amounts of these items approximate the fair value.

We have outstanding foreign currency forward and swap contracts to hedge transactional risks associated with foreign currencies. Our short term contracts have a weighted average maturity of approximately one month. In 2013, we entered into a cross-currency swap to hedge against the change in value of a long-term intercompany loan denominated in a currency other than the lending subsidiary's functional currency. The fair values of these currency contracts, including the cross-currency swap, are determined using Level 2 valuation techniques and are based on the present value of net future cash payments and receipts. Accordingly, the fair values will fluctuate based on changes in market interest rates and the respective foreign currency to U.S. dollar exchange rate. The fair values of our outstanding short-term foreign currency contracts at March 31, 2014, were not significant. At March 31, 2014, the fair value of the cross-currency swap was a net asset of $3.6 million. There were no transfers in or out of any of the levels of the valuation hierarchy in the first three months of 2014.

Note 7 – Share-based compensation plans

We have share-based compensation plans to retain employees and non-employee directors and to more closely align their interests with those of our shareholders.

The 2005 Equity Incentive Plan (the “2005 Plan”) and the 2013 Equity Incentive Plan (the “2013 Plan”) permit grants of restricted stock, restricted stock units, performance stock, performance units, stock appreciation rights, stock options, as well as other share-based awards to eligible employees. The 2013 Plan also permits cash awards to eligible employees. The 2005 Plan was replaced by the 2013 Equity Incentive Plan effective in February 2013. No further grants of awards will be made under the 2005 Plan.

Directors are eligible for share-based awards through the Non-Employee Directors’ Equity Plan (the “Directors’ Plan”). To date, we have granted only deferred stock units under the Directors’ Plan. There are also outstanding stock options granted to directors under a prior plan, the Non-Employee Directors’ Stock Option Plan (the “Prior Directors’ Plan”).

At March 31, 2014, outstanding awards under these plans include performance share units (“PSUs”), market share units (“MSUs”), restricted stock units (“RSUs”), deferred stock units (“DSUs”) and stock options.

Method and Assumptions Used to Estimate Fair Value

The fair value of RSUs and DSUs was measured at the date of grant based on the price of Brink’s common stock, adjusted for a discount on units that do not receive or accrue dividends.

The fair values of PSUs and MSUs granted were estimated using a Monte-Carlo simulation with the following estimated weighted-average assumptions:

| Assumptions Used to Estimate Fair Value of 2014 Grants of PSUs and MSUs | | | PSUs | MSUs |
|---|---|---|---|---|
| Number of target shares, in thousands | | | 186.8 | 82.9 |
| Assumptions used to estimate fair value | | | | |
| | Beginning average price of Brink’s common stock(a) | $ | 33.29 | 33.29 |
| | Expected dividend yield for the TSR provision of PSU awards(b) | | 0% | n/a |
| | Expected dividend yield for PSUs and MSUs(c) | | 0% | 0% |
| | Expected volatility(d) | | 38% | 38% |
| | Risk-free interest rate | | 0.7% | 0.7% |
| | Expected term in years(e) | | 2.9 | 2.9 |
| Weighted-average fair value estimates at grant date(f): | | | | |
| | In millions | $ | 5.7 | 2.6 |
| | Fair value per share | $ | 30.71 | 30.87 |

(a) The beginning average price of Brink’s common stock was based on the 20-day trading average price from December 3, 2013 to December 31, 2013.
(b) The expected dividend yield for the TSR provision of the PSU awards assumes that dividends are reinvested. The stock price projection assumes a 0% dividend yield, which is equivalent to reinvesting dividends over the performance period.

(c) The expected yield is 0% because neither the PSUs nor the MSUs are entitled to dividends during the performance period.
(d) The expected volatility was estimated after reviewing the historical volatility of our stock using daily close prices.
(e) The expected term of the awards was based on the performance measurement period ending December 31, 2016.
(f) For PSUs, the grant date fair value is based on the target level of the award. Total compensation cost of the PSUs recognized is subject to adjustment based on the actual level of achievement of the underlying financial goal.

The following tables below summarize the activity in all plans for PSUs, MSUs, RSUs and DSUs.

Nonvested Share Activity - MSUs and PSUs

| | Number of shares | | | Weighted-Average Grant-Date |
|---|---|---|---|---|
| (in thousands of shares, except for per share amounts) | PSUs | MSUs | Total | Fair Value |
| Balance as of December 31, 2013 | 199.3 | 96.2 | 295.5 | $ 26.28 |
| Granted | 186.8 | 82.9 | 269.7 | 30.76 |
| Cancelled awards | (1.7) | - | (1.7) | 26.22 |
| Balance as of March 31, 2014 | 384.4 | 179.1 | 563.5 | $ 28.42 |

Nonvested Share Activity - RSUs and DSUs

| (in thousands of shares, except for per share amounts) | Number of shares RSUs | DSUs | Total | Weighted-Average Grant-Date Fair Value |
|---|---|---|---|---|
| Balance as of December 31, 2013 | 396.4 | 19.2 | 415.6 | $ 24.68 |
| Granted | 128.7 | - | 128.7 | 30.20 |
| Cancelled awards | (3.7) | - | (3.7) | 24.63 |
| Vested | (10.4) | - | (10.4) | 30.48 |
| Balance as of March 31, 2014 | 511.0 | 19.2 | 530.2 | $ 25.91 |

Note 8 – Shares used to calculate earnings per share

| (In millions) | Three Months Ended March 31, 2014 | 2013 |
|---|---|---|
| Weighted-average shares: | | |
| Basic(a) | 48.9 | 48.6 |
| Effect of dilutive stock options and awards | - | 0.3 |
| Diluted | 48.9 | 48.9 |
| | | |
| Antidilutive stock options and awards excluded from denominator | 2.1 | 1.7 |

(a) We have deferred compensation plans for directors and certain of our employees. Amounts owed to participants are denominated in common stock units. Each unit represents one share of common stock. The number of shares used to calculate basic earnings per share includes the weighted-average units credited to employees and directors under the deferred compensation plans. Accordingly, included in basic shares are 0.5 million weighted-average units in the three months ended March 31, 2014, and 0.7 million weighted-average units in the three months ended March 31, 2013.

Note 9 – Income (loss) from discontinued operations

| (In millions) | Three Months Ended March 31, 2014 | 2013 |
|---|---|---|
| Loss from operations(a)(b) | $ - | (19.4) |
| Gain (loss) on sale(a) | - | (0.5) |
| Adjustments to contingencies of former operations | 0.9 | - |
| Income (loss) from discontinued operations before income taxes | 0.9 | (19.9) |
| Provision (benefit) for income taxes | 1.0 | (0.4) |
| Income (loss) from discontinued operations, net of tax | $ (0.1) | (19.5) |

(a) Discontinued operations include gains and losses related to businesses that Brink's sold or shut down in 2013. Interest expense included in discontinued operations was $0.2 million in the three months ended March 31, 2013.

(b) The loss from operations in 2013 included $15.5 million of severance expenses paid to terminate certain employees of the German cash-in-transit operations. We contributed a portion of the cost to fund the severance payments to the business prior to the execution of the sale transaction.

Cash-in-transit operations sold or shut down:

- Poland (sold in March 2013)
- Turkey (shut down in June 2013)
- Hungary (sold in September 2013)
- Germany (sold in December 2013)

Guarding operations sold:

- France (January 2013)
- Germany (July 2013)

Other operations sold:

- We sold Threshold Financial Technologies, Inc. in Canada in November 2013. Threshold operated private-label ATM network and payment processing businesses. Brink's continues to own and operate Brink's Integrated Managed Services for ATM customers.
- We sold ICD Limited and other affiliated subsidiaries in November 2013. ICD designed and installed security systems for commercial customers and had operations in China and other locations in Asia.

The results of the above disposed operations have been excluded from continuing operations and are reported as discontinued operations for the 2013 periods presented.

The table below shows the 2013 revenues by business segment which have been reclassified to discontinued operations:

| (In millions) | Three Months Ended March 31, 2013 |
|---|---|
| EMEA | $ 26.3 |
| North America | 12.3 |
| Asia Pacific | 6.4 |
| Total | $ 45.0 |

Note 10 – Supplemental cash flow information

| (In millions) | Three Months Ended March 31, 2014 | 2013 |
|---|---|---|
| Cash paid for: | | |
| Interest | $ 6.5 | 6.1 |
| Income taxes | 19.0 | 20.5 |

Non-cash Investing and Financing Activities
We acquired $1.3 million in armored vehicles, CompuSafe® units and other equipment under capital lease arrangements in the first three months of 2014 compared to none acquired in the first three months of 2013.

Note 11 – Contingent matters

On June 19, 2008, a lawsuit captioned Del Valle Gurria S.C. v. Servicio Pan Americano de Protección, S.A. de C.V. was filed with the Twenty-third Civil Judge in the Federal District in Mexico (the "Court") against Servicio Pan American de Proteccion, S.A. de C.V. (SERPAPROSA), the Mexico subsidiary that we acquired in November 2010. The plaintiff claims it is owed legal fees and corresponding value-added tax (VAT), interest and expenses related to its legal representation of SERPAPROSA in connection with tax audits conducted to the 1991, 1992 and 1994 fiscal years. On October 28, 2010, the Court issued a decision in favor of SERPAPROSA in part and the plaintiff in part, ordering SERPAPROSA to pay the plaintiff $0.4 million for its previous representation of SERPAPROSA. Between November 2010 and October 2013, the judgment was subject to multiple appeals by both parties to the Fifth Civil Court of Appeal of the Federal District in Mexico (the "Fifth Civil Court of Appeal") and to the First Civil Collegiate Tribunal of the First Circuit in Mexico (the "First Civil Collegiate Tribunal"), and was remanded twice to the Court for determination of the fees to be paid to the plaintiff. On December 6, 2013, the Fifth Civil Court of Appeal issued a decision in favor of the plaintiff, modifying the lower court's ruling and ordering SERPAPROSA to pay the plaintiff $7.4 million plus VAT and interest for its previous representation of SERPAPROSA. SERPAPROSA filed a constitutional injunction on January 20, 2014, with the First Civil Collegiate Tribunal. The Company has accrued $3.1 million, reflecting the Company's best estimate of exposure, although additional reasonably possible losses could be up to $10 million, based on currency exchange rates at March 31, 2014. The ultimate resolution of this matter is unknown and the estimated liability may change in the future. The Company denies the allegations asserted by the plaintiff and is vigorously defending itself in this matter.

In addition, we are involved in various other lawsuits and claims in the ordinary course of business. We are not able to estimate the loss or range of losses for some of these matters. We have recorded accruals for losses that are considered probable and reasonably estimable. Except as otherwise noted, we do not believe that the ultimate disposition of any of the lawsuits currently pending against the Company should have a material adverse effect on our liquidity, financial position or results of operations.

THE BRINK’S COMPANY
and subsidiaries

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

The Brink’s Company offers transportation and logistics management services for cash and valuables throughout the world. These services include:

- Cash-in-Transit (“CIT”) Services – armored vehicle transportation of valuables
- ATM Services – replenishing and maintaining customers’ automated teller machines; providing network infrastructure services
- Global Services – secure international transportation of valuables
- Cash Management Services
  - Currency and coin counting and sorting; deposit preparation and reconciliations; other cash management services
  - Safe and safe control device installation and servicing (including our patented CompuSafe® service)
  - Check and cash processing services for banking customers (“Virtual Vault Services”)
  - Check imaging services for banking customers
- Payment Services – bill payment and processing services on behalf of utility companies and other billers at any of our Brink’s or Brink’s – operated payment locations in Latin America; Brink’s Money™ prepaid payroll cards; Brink’s Checkout e-commerce online payment services
- Security and Guarding Services – protection of airports, offices, and certain other locations in Europe with or without electronic surveillance, access control, fire prevention and highly trained patrolling personnel

Effective December 31, 2013, Brink’s changed its reporting segments. Brink’s now reports its financial results in four segments: Latin America; Europe, Middle East and Africa (“EMEA”); North America and Asia Pacific. Previously, the Company’s reporting segments were International (comprised of Latin America, EMEA and Asia Pacific) and North America.

RESULTS OF OPERATIONS

Consolidated Review

Non-GAAP and Adjusted Non-GAAP Results

Non-GAAP and Adjusted Non-GAAP results described in this filing are financial measures that are not required by, or presented in accordance with U.S. generally accepted accounting principles (“GAAP”). The purpose of the Non-GAAP results is to report financial information without certain income and expense items and to adjust the quarterly Non-GAAP tax rates so that the Non-GAAP tax rate in each of the quarters is equal to the full-year Non-GAAP tax rate. For 2014, a forecasted full-year tax rate is used. The full year Non-GAAP tax rate in both years excludes certain pretax and tax income and expense amounts. The purpose of Adjusted Non-GAAP results is to report historical Non-GAAP information assuming that our Venezuelan operations had been remeasured using rate of 50 bolivars to the U.S. dollar. The Non-GAAP and Adjusted Non-GAAP information provides information to assist comparability and estimates of future performance. Brink’s believes these measures are helpful in assessing operations and estimating future results and enable period-to-period comparability of financial performance. In addition, Brink’s believes the measures will help investors assess the ongoing operations. Non-GAAP and Adjusted Non-GAAP results should not be considered as an alternative to revenue, income or earnings per share amounts determined in accordance with GAAP and should be read in conjunction with their GAAP counterparts. The adjustments are described in detail and are reconciled to our GAAP results on pages 30 – 33.

| (In millions, except for per share amounts) | Three months Ended March 31, 2014 | 2013 | % Change |
|---|---|---|---|
| | | | |
| GAAP | | | |
| Revenues | $ 991.6 | 950.5 | 4 |
| Segment operating profit (loss)(a) | (54.5) | 34.3 | unfav |
| Non-segment expense | (18.0) | (17.0) | 6 |
| Operating profit (loss) | (72.5) | 17.3 | unfav |
| Income (loss) from continuing operations(b) | (58.4) | 2.9 | unfav |
| Diluted EPS from continuing operations(b) | (1.19) | 0.06 | unfav |
| | | | |
| Non-GAAP(c) | | | |
| Revenues | $ 991.6 | 950.5 | 4 |
| Segment operating profit(a) | 69.5 | 50.9 | 37 |
| Non-segment expense | (13.2) | (7.6) | 74 |
| Operating profit | 56.3 | 43.3 | 30 |
| Income from continuing operations(b) | 21.2 | 18.7 | 13 |
| Diluted EPS from continuing operations(b) | 0.43 | 0.38 | 13 |

Non-GAAP results are reconciled to the applicable GAAP results on pages 30 – 33. Amounts may not add due to rounding.

(a) Segment operating profit is a Non-GAAP measure when presented in any context other than prescribed by ASC Topic 280, Segment Reporting. The tables on page 21 reconcile the measurement to operating profit, a GAAP measure. Disclosure of total segment operating profit enables investors to assess the total operating performance of Brink’s excluding non-segment income and expense. Forward-looking estimates related to total segment operating profit and non-segment income (expense) for 2014 are provided on page 28.

(b)

Amounts reported in this table are attributable to the shareholders of Brink's and exclude earnings related to noncontrolling interests.

(c) These Non-GAAP results for the first quarter of 2014 reflect Venezuela's local earnings translated at 6.3 bolivars to the U.S. dollar through March 23, 2014, and at a rate of 51 from March 24 to March 31, 2014. Also see pages 30 – 33 for Non-GAAP Results Adjusted for Venezuelan Results at 50 Bolivars per U.S. Dollar for hypothetical historical results had we used a rate of 50 to translate Venezuela's results for 2013 and the first quarter of 2014.

Organic Growth

Organic growth represents the change in revenues or operating profit between the current and prior period, excluding the effect of the following items: acquisitions and dispositions, changes in currency exchange rates and the remeasurement of net monetary assets in Venezuela under highly inflationary accounting.

Overview

GAAP
Our revenues increased $41.1 million or 4% and our operating profit decreased $89.8 million, resulting in an operating loss in the first quarter of 2014. Revenues increased due to organic growth in our Latin America segment, partially offset by unfavorable changes in currency exchange rates. Operating profit decreased primarily due to a larger charge related to the remeasurement of net monetary assets as a result of the devaluation of Venezuela currency ($121.9 million in 2014 versus $13.4 million in 2013). The Venezuela remeasurement charge was partially offset by lower security losses due to the February 2013 robbery in Brussels, Belgium ($18.7 million in 2013) and organic growth in our Latin America segment.

Our income from continuing operations in 2014 decreased $61.3 million compared to 2013 primarily due to the operating profit decrease mentioned above, partially offset by the positive noncontrolling interest impact of the profit decrease.

Our earnings per share from continuing operations was $(1.19), down from $0.06 in 2013.

Non-GAAP
Non-GAAP results include the following adjustments:

| | | Three Months Ended March 31, | |
|---|---|---|---|
| | | 2014 | 2013 |
| GAAP Diluted EPS | | $ (1.19) | 0.06 |
| | Exclude Venezuela net monetary asset remeasurement losses | 1.51 | 0.17 |
| | Exclude U.S. retirement plan expenses | 0.08 | 0.17 |
| | Exclude employee benefit settlement losses | 0.01 | - |
| | Exclude gains and losses on acquisitions and dispositions | - | (0.02) |
| | Adjust quarterly tax rate to full-year average rate | 0.02 | - |
| Non-GAAP Diluted EPS | | $ 0.43 | 0.38 |

Amounts may not add due to rounding. Non-GAAP results are reconciled in more detail to the applicable GAAP results on pages 30 – 33.

The analysis of Non-GAAP revenues is the same as the analysis of GAAP revenues.

Our operating profit increased $13.0 million or 30% primarily due to lower security losses due to the February 2013 robbery in Brussels, Belgium ($18.7 million in 2013) and an organic profit increase in our Latin America segment, partially offset by the negative impact of changes in currency exchange rates.

Our income from continuing operations in 2014 increased 13% primarily due to higher operating profit, partially offset by the negative income tax and noncontrolling interest impacts of the profit increase.

Our earnings per share from continuing operations was $0.43, up from $0.38 in 2013.

Outlook for 2014

GAAP

Overall
Our organic revenue growth rate for 2014 is expected to be in the 8% to 10% range, and our estimate of the negative impact of changes in currency exchange rates on revenue is in the 14% to 16% range. We expect our revenue to be $3.7 billion in 2014. Our operating segment margin is expected to be about 3%.

By Segment
Latin America organic revenue growth rate for 2014 is expected to be in the 21% to 23% range, and our estimate of the negative impact of changes in currency exchange rates on Latin America revenue is in the 32% to 36% range. Our Latin America segment margin is expected to be in the 0% to (2.0)% range.

EMEA organic revenue growth rate for 2014 is expected to be in the 0% to 2% range, and our estimate of the positive impact of changes in currency exchange rates on EMEA revenue is in the 1% to 3% range. Our EMEA segment margin is expected to be in the 6% to 8% range.

North America organic revenue growth rate for 2014 is expected to be in the 0% to 2% range, with no impact of changes in currency exchange rates. Our North America segment margin is expected to be in the 1.5% to 2.5% range for 2014. We expect the North American margin to improve in 2014 and 2015, and we have a goal to reach 7% in 2016.

Asia Pacific organic revenue growth rate for 2014 is expected to be in the 5% to 7% range, and our estimate of the negative impact of changes in currency exchange rates on Asia Pacific revenue is in the 1% to 3% range. Our Asia Pacific segment margin is expected to be in the 9.5% to 11.5% range.

Non-GAAP

Overall

Our outlook for Non-GAAP revenues is the same as our outlook for GAAP revenues. Our outlook for Non-GAAP operating segment margin is expected to be about 6.5%.

By Segment

Our outlook for Non-GAAP revenues is the same as our outlook for GAAP revenues. Our outlook for Non-GAAP segment margin is the same as our outlook for GAAP segment margin for our EMEA and Asia Pacific segments. Latin America Non-GAAP segment margin excludes the remeasurement loss in Venezuela and is expected to be in the 7.0% to 9.0% range. North America Non-GAAP segment margin excludes the cost of U.S. retirement plans and is expected to be in the 2.5% to 3.5% range.

Performing Branches in U.S.

Performing branches is an internal profitability metric we use to measure our U.S. operations. We considered 45% of our branches to be performing branches in the U.S. at the end of 2013. Our goal is to increase performing branches to 75% by the end of 2016.

See page 28 for a summary of our 2014 Outlook.

Segment Operating Results

Segment Review
First Quarter 2014 versus First Quarter 2013

GAAP

| (In millions) | 1Q '13 | Organic Change | Acquisitions / Dispositions (a) | Currency (b) | 1Q '14 | % Change Total | % Change Organic |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| Latin America | $ 412.9 | 94.4 | - | (68.9) | 438.4 | 6 | 23 |
| EMEA | 277.8 | 12.0 | - | 8.2 | 298.0 | 7 | 4 |
| North America | 223.2 | 1.1 | - | (4.2) | 220.1 | (1) | - |
| Asia Pacific | 36.6 | 0.7 | - | (2.2) | 35.1 | (4) | 2 |
| Total | $ 950.5 | 108.2 | - | (67.1) | 991.6 | 4 | 11 |
| | | | | | | | |
| Operating profit: | | | | | | | |
| Latin America | $ 23.4 | 22.9 | - | (121.1) | (74.8) | unfav | 98 |
| EMEA | 8.6 | 5.9 | - | 0.3 | 14.8 | 72 | 69 |
| North America | (2.0) | 3.3 | - | (0.2) | 1.1 | fav | fav |
| Asia Pacific | 4.3 | 0.2 | - | (0.1) | 4.4 | 2 | 5 |
| Segment operating profit | 34.3 | 32.3 | - | (121.1) | (54.5) | unfav | 94 |
| Non-segment | (17.0) | 0.1 | (1.1) | - | (18.0) | 6 | (1) |
| Total | $ 17.3 | 32.4 | (1.1) | (121.1) | (72.5) | unfav | fav |
| | | | | | | | |
| Segment operating margin: | | | | | | | |
| Latin America | 5.7% | | | | (17.1%) | | |
| EMEA | 3.1% | | | | 5.0% | | |
| North America | (0.9%) | | | | 0.5% | | |
| Asia Pacific | 11.7% | | | | 12.5% | | |
| Segment operating margin | 3.6% | | | | (5.5%) | | |

Non-GAAP

| (In millions) | 1Q '13 | Organic Change | Acquisitions / Dispositions (a) | Currency (b) | 1Q '14 | % Change Total | % Change Organic |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| Latin America | $ 412.9 | 94.4 | - | (68.9) | 438.4 | 6 | 23 |
| EMEA | 277.8 | 12.0 | - | 8.2 | 298.0 | 7 | 4 |
| North America | 223.2 | 1.1 | - | (4.2) | 220.1 | (1) | - |
| Asia Pacific | 36.6 | 0.7 | - | (2.2) | 35.1 | (4) | 2 |
| Total | $ 950.5 | 108.2 | - | (67.1) | 991.6 | 4 | 11 |
| | | | | | | | |
| Operating profit: | | | | | | | |
| Latin America | $ 37.1 | 23.6 | - | (12.7) | 48.0 | 29 | 64 |
| EMEA | 8.6 | 5.9 | - | 0.3 | 14.8 | 72 | 69 |
| North America | 0.9 | 1.6 | - | (0.2) | 2.3 | fav | fav |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Asia Pacific | 4.3 | 0.2 | - | (0.1) | 4.4 | 2 | 5 |
| Segment operating profit | 50.9 | 31.3 | - | (12.7) | 69.5 | 37 | 61 |
| Non-segment | (7.6) | (5.6) | - | - | (13.2) | 74 | 74 |
| Total | $ 43.3 | 25.7 | - | (12.7) | 56.3 | 30 | 59 |
| | | | | | | | |
| Segment operating margin: | | | | | | | |
| Latin America | 9.0% | | | | 10.9% | | |
| EMEA | 3.1% | | | | 5.0% | | |
| North America | 0.4% | | | | 1.0% | | |
| Asia Pacific | 11.7% | | | | 12.5% | | |
| Segment operating margin | 5.4% | | | | 7.0% | | |

Amounts may not add due to rounding.

(a) Includes operating results and gains/losses on acquisitions, sales and exits of businesses.

(b) The "Currency" amount in the table is the summation of the monthly currency changes, plus (minus) the U.S. dollar amount of remeasurement currency gains (losses) of bolivar denominated net monetary assets recorded under highly inflationary accounting rules related to the Venezuelan operations. The monthly currency change is equal to the Revenue or Operating Profit for the month in local currency, on a country-by-country basis, multiplied by the difference in rates used to translate the current period amounts to U.S. dollars versus the translation rates used in the year-ago month. The functional currency in Venezuela is the U.S. dollar under highly inflationary accounting rules. Remeasurement gains and losses under these rules are recorded in U.S. dollars but these gains and losses are not recorded in local currency. Local currency Revenue and Operating Profit used in the calculation of monthly currency change for Venezuela have been derived from the U.S. dollar results of the Venezuelan operations under U.S. GAAP (excluding remeasurement gains and losses) using current period currency exchange rates.

Segment Review
First Quarter 2014 versus First Quarter 2013

Total Segment Operating Profit

GAAP
Revenue increased 4% to $991.6 million due primarily to organic growth of 23% in our Latin America segment partially offset by unfavorable changes in currency exchange rates.

Cost of revenues remained flat at $795.6 million as higher freight and equipment costs were offset by lower security losses due to the February 2013 robbery in Brussels, Belgium ($18.7 million in 2013).  Selling, general and administrative costs increased 10% to $145.4 million due to higher labor costs and the timing of annual incentive grants.

Segment operating profit decreased to a loss of $54.5 million reflecting the negative impact of changes in currency exchange rates, partially offset by higher organic profits in both our Latin America and EMEA segment.  First quarter 2014 includes a $121.9 million charge related to the remeasurement of net monetary assets due to a devaluation of Venezuela currency versus a charge of $13.4 million in 2013.  First quarter 2013 results included a charge of $18.7 million related to a robbery in Brussels, Belgium.  This charge impacted the Latin America segment by $5.9 million, the EMEA segment by $8.5 million, the North America segment by $3.5 million and Asia Pacific by $0.8 million.

Non-GAAP
The analysis of Non-GAAP revenues is the same as the analysis of GAAP revenues.

Segment operating profit increased 37% ($18.6 million) reflecting higher profits in both our Latin America and EMEA segments.  2013 results included a charge of $18.7 million related to the robbery in Brussels, Belgium.  This charge impacted the Latin America segment by $5.9 million, the EMEA segment by $8.5 million, the North America segment by $3.5 million and Asia Pacific by $0.8 million.

Latin America

GAAP
Revenue in Latin America increased 6% ($25.5 million) due to organic growth of 23% ($94.4 million) driven by inflation-based price increases in Venezuela, Brazil and Argentina, partially offset by an unfavorable currency impact ($68.9 million).

Latin America had an operating loss of $74.8 million compared to operating profit of $23.4 million in 2013 due to unfavorable currency impact, including a larger charge for the remeasurement of net monetary assets in Venezuela in 2014 versus 2013 ($108.5 million) partially offset by a 98% organic increase from improved organic results in Venezuela, Brazil and Argentina, in addition to lower security costs.

Non-GAAP
The analysis of Latin America Non-GAAP revenues is the same as the analysis of GAAP revenues.

Latin America operating profit increased 29% ($10.9 million) due primarily to a 64% organic increase due to higher profits in Venezuela, Brazil and Argentina and lower security costs, partially offset by unfavorable currency impact.

EMEA

GAAP and Non-GAAP
EMEA revenues increased 7% ($20.2 million) due to 4% organic revenue growth ($12.0 million) and a favorable currency impact ($8.2 million). Organic growth was driven by increased volumes in Global Services, Russia and Ireland.

EMEA operating profit increased 72% ($6.2 million) due to lower security costs and lower headquarters costs, partially offset by lower profits in the United Kingdom and Switzerland.

North America

GAAP
Revenues in North America were down 1% due to unfavorable currency impact ($4.2 million).

Operating profit increased $3.1 million due to lower security costs, lower pension costs and improvement from cost efficiency measures, which were partially offset by lower CIT demand and continued pricing pressure in the U.S.

Non-GAAP

The analysis of North America Non-GAAP revenues is the same as the analysis of North America GAAP revenues.

Operating profit increased $1.4 million due to lower security costs and improvement from cost efficiency measures, which were partially offset by lower CIT demand and continued pricing pressure in the U.S.

Most of the armored vehicles used by our U.S. operations are accounted for as operating leases. The cost related to these leases is recognized as rental expense in the Consolidated Statements of Income (Loss). Since March 2009, we have acquired armored vehicles in the U.S. either by purchasing or by leasing under agreements that we have accounted for as capital leases. We currently expect to continue acquiring new vehicles in the U.S. with capital leases. The cost of vehicles under capital lease is recognized as depreciation and interest expense. Because of the shift in the way we acquire vehicles in the U.S., our depreciation and interest related to the U.S. fleet is higher and our rental expense is lower compared to earlier periods and we expect this trend to continue.

Asia Pacific

GAAP and Non-GAAP

Revenue in Asia Pacific decreased 4% ($1.5 million) due mainly to an unfavorable currency impact ($2.2 million).

Operating profit was flat.

Non-segment Income (Expense)

| GAAP | Three Months Ended March 31, | | % |
|---|---|---|---|
| (In millions) | 2014 | 2013 | change |
| General and administrative | $ (13.5) | (8.0) | 69 |
| Retirement costs (primarily former operations) | (4.8) | (10.5) | (54) |
| Gains on business acquisitions and dispositions | - | 1.1 | (100) |
| Royalty income | 0.3 | 0.4 | (25) |
| Non-segment income (expense) | $ (18.0) | (17.0) | 6 |

Non-segment expenses in the first quarter of 2014 were $1.0 million higher than 2013. This is mainly due to:

- higher general administrative costs ($5.5 million) driven by
  - o higher incentive pay expense ($3.6 million), primarily due to the timing of incentive plan grants and
  - o a 2013 benefit reversal ($2.4 million)
- a 2013 gain related to a favorable purchase price adjustment on the 2010 Mexico acquisition ($1.1 million)

partially offset by

- lower retirement costs ($5.7 million).

Outlook for 2014

We estimate that non-segment expenses on a GAAP basis will be $64 million in 2014, a decrease from 2013 primarily as a result of lower retirement costs. See page 28 for a summary of our 2014 Outlook.

| Non-GAAP | Three Months Ended March 31, | | % |
|---|---|---|---|
| (In millions) | 2014 | 2013 | change |
| General and administrative | $ (13.5) | (8.0) | 69 |
| Royalty income | 0.3 | 0.4 | (25) |
| Non-segment income (expense) | $ (13.2) | (7.6) | 74 |

Non-segment expenses on a Non-GAAP basis in the first quarter of 2014 were $5.6 million higher than 2013 mainly due to higher general and administrative costs ($5.5 million) driven by higher incentive pay expense ($3.6 million), primarily due to the timing of incentive plan grants, and a 2013 benefit reversal ($2.4 million).

Outlook for 2014

We estimate that non-segment expenses on a Non-GAAP basis will be $45 million in 2014, up slightly from 2013. See page 28 for a summary of our 2014 Outlook.

Foreign Operations

We currently serve customers in more than 100 countries, including 43 countries where we operate subsidiaries.

We are subject to risks customarily associated with doing business in foreign countries, including labor and economic conditions, political instability, controls on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive action by local governments. Changes in the political or economic environments in the countries in which we operate could have a material adverse effect on our business, financial condition and results of operations. The future effects, if any, of these risks are unknown.

Our international operations conduct a majority of their business in local currencies. Because our financial results are reported in U.S. dollars, they are affected by changes in the value of various local currencies in relation to the U.S. dollar.

From time to time, we use foreign currency forward and swap contracts to hedge transactional risks associated with foreign currencies. At March 31, 2014, the notional value of our shorter term outstanding foreign currency contracts was $55.1 million with average contract maturities of approximately 1 month. These shorter term foreign currency contracts primarily offset exposures in the Mexican peso and Euro. Additionally, these shorter term contracts are not designated as hedges for accounting purposes, and accordingly, changes in their fair value are recorded immediately in earnings. We recognized losses of $0.4 million on these foreign currency contracts in the first quarter of 2014. At March 31, 2014, the fair value of these shorter term foreign currency contracts was not significant.

We also have a longer term cross currency swap contract to hedge exposure in Brazilian real which is designated as a cash flow hedge for accounting purposes. At March 31, 2014, the notional value of this longer term contract was $21.1 million with a weighted average maturity of 2.3 years. We recognized net losses of $0.9 million on this contract, of which losses of $0.7 million were included in other operating income (expense) to offset transaction gains of $0.7 million and expenses of $0.2 million were included in interest and other income (expense) in the first quarter of 2014. At March 31, 2014, the fair value of the longer term cross currency swap was a net asset of $3.6 million.

See note 1 to the consolidated financial statements for a description of Venezuelan government currency processes and restrictions, their effect on our operations, and how we account for currency remeasurement for our Venezuelan subsidiaries.

Other Operating Income (Expense)

Other operating income (expense) includes segment and non-segment other operating income and expense.

| (In millions) | Three Months Ended March 31, 2014 | 2013 | % change |
|---|---|---|---|
| Share in earnings of equity affiliates | $ 1.4 | 1.7 | (18) |
| Gains on business acquisitions and dispositions | - | 1.1 | (100) |
| Gains on sale of property and other assets | 0.3 | 0.3 | - |
| Royalty income | 0.3 | 0.4 | (25) |
| Foreign currency items: | | | |
| Transaction losses | (124.8) | (12.2) | unfav |
| Hedge losses | (0.4) | (0.4) | - |
| Other | 0.1 | 0.4 | (75) |
| Other operating income (expense) | $ (123.1) | (8.7) | unfav |

Other operating expense increased in the first quarter of 2014 primarily as a result of the remeasurement of net monetary assets in Venezuela due to the adoption of the government's SICAD II currency exchange process. See note 1 to the consolidated financial statements for a description of the change in currency exchange processes and rates in Venezuela. The published rate for bolivars at March 31, 2014, under the SICAD II process was 50 bolivars to the U.S. dollar, compared to the Venezuelan government official rate of 6.3 previously used to remeasure bolivars into U.S. dollars. The change represents an 87% reduction in value of net monetary assets denominated in bolivars when expressed in U.S. dollars. Net monetary assets denominated in bolivars were $23.5 million at March 31, 2014.

Nonoperating Income and Expense

Interest expense

| (In millions) | Three Months Ended March 31, 2014 | 2013 | % change |
|---|---|---|---|