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CAMBREX CORP  
Form 8-K  
November 25, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20459

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 10, 2003

CAMBREX CORPORATION

-----  
(Exact name of Registrant as specified in its charter)

DELAWARE

-----  
(State or other jurisdiction of incorporation)

1-10638

22-2476135

-----  
(Commission File Number)

-----  
(IRS Employer Identification No.)

One Meadowlands Plaza, East Rutherford, New Jersey

07073

-----  
(Address of principal executive offices)

-----  
(Zip Code)

201-804-3000

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

CAMBREX CORPORATION

FORM 8-K

CURRENT REPORT

NOVEMBER 10, 2003

Item 2. Acquisition or Disposition of Assets

On November 10, 2003, Cambrex Corporation ("Cambrex", the "Company" or "Registrant") completed the sale of the Rutherford Chemicals business to a subsidiary of Arsenal Capital Partners. The sale agreement specifies proceeds of \$55.0 million in cash received at closing, a \$2.0 million subordinated 12% interest bearing note receivable due in full in 5-1/2 years, and an \$8.0 million performance based cash earn-out if future operating profit targets are achieved in each of the next three years. These proceeds are before fees and expenses associated with the transaction and a working capital adjustment. Net proceeds from the cash received at closing will be used to repay outstanding debt on the Company's bank facility.

Item 7. Financial Statements and Exhibits.

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(b) Pro forma financial information.

Unaudited Pro Forma Condensed Consolidated Income Statements for the nine months ended September 30, 2003 and 2002.

Unaudited Pro Forma Condensed Consolidated Income Statements for the years ended December 31, 2002, 2001, and 2000.

Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2003.

Notes to Unaudited Pro Forma Consolidated Financial Statements.

(c) Exhibits.

10. Amended and Restated Asset Sale Agreement dated October 17, 2003, between the Registrant and Rutherford Acquisition Corp, a subsidiary of Arsenal Capital Partners.

Basis of Presentation

The following unaudited pro forma consolidated financial statements reflect the divestiture of the Rutherford Chemicals business after giving effect to pro forma adjustments described in the accompanying Notes to Unaudited Pro Forma Consolidated Financial Statements. These unaudited pro forma consolidated financial statements have been prepared from, and should be read in conjunction with, the historical consolidated financial statements and notes thereto of Cambrex Corporation, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and Quarterly Report on Form 10-Q as of September 30, 2003 and for the nine months ended September 30, 2003 and 2002, respectively.

The unaudited pro forma consolidated income statements give effect to the divestiture as if it had occurred on January 1, 2000. The unaudited pro forma balance sheet gives effect to the divestiture as if it had occurred on September 30, 2003.

The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred had the divestiture been consummated at the dates indicated, nor is it necessarily indicative of future operating results or financial position of the Company.

CAMBREX CORPORATION  
 CONSOLIDATED INCOME STATEMENT  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003  
 (UNAUDITED)

|                          | CAMBREX<br>CONSOLIDATED<br>HISTORICAL (1) | RUTHERFORD<br>CHEMICALS (2) |
|--------------------------|---|-----------------------------|
|                          | -----                                     | -----                       |
| Gross sales              | 303,526                                   |                             |
| Commissions & allowances | 2,891                                     |                             |

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|  |         |       |
|--|---------|-------|
|  | -----   | ----- |
| Net sales  | 300,635 | -     |
| Other revenue  | 6,899   |       |
|  | -----   | ----- |
| NET REVENUES   | 307,534 | -     |
| Cost of goods sold   | 183,170 |       |
|  | -----   | ----- |
| GROSS PROFIT   | 124,364 | -     |
| Operating expenses:  |         |       |
| Selling, general & administrative                                | 72,936  |       |
| Legal settlement   | 11,342  |       |
| Research and development   | 12,576  |       |
|  | -----   | ----- |
| Total operating expenses   | 96,854  | -     |
| OPERATING PROFIT   | 27,510  | -     |
| Other expenses/(income):   |         |       |
| Interest expense, net  | 8,301   |       |
| Other (income), net  | (207)   |       |
|  | -----   | ----- |
| INCOME FROM CONTINUING OPERATIONS<br>BEFORE TAXES                | 19,416  | -     |
| Income taxes   | 18,274  |       |
|  | -----   | ----- |
| INCOME FROM CONTINUING OPERATIONS                                | 1,142   | -     |
|  | =====   | ===== |
| Basic and diluted earnings from continuing operations per share: |         |       |
| Per share - basic  | 0.04    |       |
| Weighted average shares outstanding - basic                      | 25,769  |       |
| Per share - diluted  | 0.04    |       |
| Weighted average shares outstanding-diluted                      | 26,032  |       |

See accompanying notes to the unaudited pro forma consolidated financial statements.

CAMBREX CORPORATION  
CONSOLIDATED INCOME STATEMENT  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002  
(UNAUDITED)

|                          | CAMBREX<br>CONSOLIDATED<br>HISTORICAL (1) | RUTHERFORD<br>CHEMICALS (2) |
|--------------------------|---|-----------------------------|
|                          | -----                                     | -----                       |
| Gross sales              | 294,655                                   |                             |
| Commissions & allowances | 2,926                                     |                             |
|                          | -----                                     | -----                       |
| Net sales                | 291,729                                   | -                           |

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|  |         |       |       |
|--|---------|-------|-------|
| Other revenue  | 5,097   | ----- | ----- |
| NET REVENUES   | 296,826 |       | -     |
| Cost of goods sold   | 161,393 | ----- | ----- |
| GROSS PROFIT   | 135,433 |       | -     |
| Operating expenses:  |         |       |       |
| Selling, general & administrative                                | 64,594  |       |       |
| Restructuring and other charges                                  | 2,538   |       |       |
| Research and development   | 11,672  | ----- | ----- |
| Total operating expenses   | 78,804  |       | -     |
| OPERATING PROFIT   | 56,629  |       | -     |
| Other expenses/(income):   |         |       |       |
| Interest expense, net  | 8,673   |       |       |
| Other expense, net   | 3,453   | ----- | ----- |
| INCOME FROM CONTINUING OPERATIONS<br>BEFORE TAXES                | 44,503  |       | -     |
| Income taxes   | 11,170  | ----- | ----- |
| INCOME FROM CONTINUING OPERATIONS                                | 33,333  | ===== | ===== |
| Basic and diluted earnings from continuing operations per share: |         |       |       |
| Per share - basic  | 1.28    |       |       |
| Weighted average shares outstanding-basic                        | 25,967  |       |       |
| Per share - diluted  | 1.25    |       |       |
| Weighted average shares outstanding-diluted                      | 26,665  |       |       |

See accompanying notes to the unaudited pro forma consolidated financial statements.

CAMBREX CORPORATION  
CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(UNAUDITED)

|                          | CAMBREX<br>CONSOLIDATED<br>HISTORICAL (5) | RUTHERFORD<br>CHEMICALS (6) | PRO<br>ADJU |
|--------------------------|---|-----------------------------|-------------|
|                          | -----                                     | -----                       | -----       |
| Gross sales              | 522,176                                   | 127,746                     |             |
| Commissions & allowances | 5,392                                     | 805                         |             |
| Net sales                | 516,784                                   | 126,941                     |             |
| Other revenue            | 10,159                                    | 936                         |             |
|                          | -----                                     | -----                       |             |

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|   |         |          |
|---|---------|----------|
| NET REVENUES                                | 526,943 | 127,877  |
| Cost of goods sold                          | 326,767 | 108,235  |
|   | -----   | -----    |
| GROSS PROFIT (LOSS)                         | 200,176 | 19,642   |
| Operating expenses:                         |         |          |
| Selling, general & administrative           | 98,563  | 9,987    |
| Restructuring and other charges             | 14,501  | 10,263   |
| Vitamin B-3 provision                       | 10,000  | 10,000   |
| Research and development                    | 17,629  | 1,835    |
|   | -----   | -----    |
| Total operating expenses                    | 140,693 | 32,085   |
| OPERATING PROFIT (LOSS)                     | 59,483  | (12,443) |
| Other expenses/(income):                    |         |          |
| Interest expense/(income), net              | 11,237  | (27)     |
| Other expense/(income), net                 | 64      | (3,481)  |
|   | -----   | -----    |
| INCOME/(LOSS) BEFORE TAXES                  | 48,182  | (8,935)  |
| Income taxes                                | 11,949  | (2,387)  |
|   | -----   | -----    |
| NET INCOME/(LOSS)                           | 36,233  | (6,548)  |
|   | =====   | =====    |
| Basic and diluted earnings per share:       |         |          |
| Per share - basic                           | 1.40    |          |
| Weighted average shares outstanding-basic   | 25,954  |          |
| Per share - diluted                         | 1.37    |          |
| Weighted average shares outstanding-diluted | 26,520  |          |

See accompanying notes to the unaudited pro forma consolidated financial statements.

CAMBREX CORPORATION  
CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(UNAUDITED)

|                          | CAMBREX<br>CONSOLIDATED<br>HISTORICAL (5) | RUTHERFORD<br>CHEMICALS (6) | PR<br>ADJ |
|--------------------------|---|-----------------------------|-----------|
|                          | -----                                     | -----                       | ---       |
| Gross Sales              | 499,194                                   | 141,452                     |           |
| Commissions & allowances | 4,259                                     | 606                         |           |
|                          | -----                                     | -----                       |           |
| Net sales                | 494,935                                   | 140,846                     |           |
| Other revenue            | 3,920                                     | (8)                         |           |
|                          | -----                                     | -----                       |           |
| NET REVENUES             | 498,855                                   | 140,838                     |           |

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|   |         |          |
|---|---------|----------|
| Cost of goods sold                            | 319,520 | 120,662  |
|   | -----   | -----    |
| GROSS PROFIT                                  | 179,335 | 20,176   |
| Operating expenses:                           |         |          |
| Selling, general & administrative             | 91,651  | 10,259   |
| Restructuring and other charges               | 18,649  | 16,627   |
| Vitamin B-3 Provision                         | 4,400   | 4,400    |
| Research and development                      | 19,619  | 2,240    |
|   | -----   | -----    |
| Total operating expenses                      | 134,319 | 33,526   |
| OPERATING PROFIT/(LOSS)                       | 45,016  | (13,350) |
| Other expenses/(income):                      |         |          |
| Interest expense, net                         | 10,567  | (35)     |
| Other (income)/expense, net                   | (277)   | 46       |
|   | -----   | -----    |
| INCOME/(LOSS) BEFORE TAXES                    | 34,726  | (13,361) |
| Income taxes                                  | 9,414   | (3,762)  |
|   | -----   | -----    |
| NET INCOME/(LOSS)                             | 25,312  | (9,599)  |
|   | =====   | =====    |
| Basic and diluted earnings per share:         |         |          |
| Per share - basic                             | 0.99    |          |
| Weighted average shares outstanding - basic   | 25,648  |          |
| Per share - diluted                           | 0.96    |          |
| Weighted average shares outstanding - diluted | 26,495  |          |

See accompanying notes to the unaudited pro forma consolidated financial statements.

CAMBREX CORPORATION  
CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(UNAUDITED)

|                          | CAMBREX<br>CONSOLIDATED<br>HISTORICAL (5) | RUTHERFORD<br>CHEMICALS (6) | PRO F<br>ADJUST |
|--------------------------|---|-----------------------------|-----------------|
|                          | -----                                     | -----                       | -----           |
| Gross sales              | 492,544                                   | 166,039                     |                 |
| Commissions & allowances | 4,976                                     | 4,132                       |                 |
|                          | -----                                     | -----                       |                 |
| Net sales                | 487,568                                   | 161,907                     |                 |
| Other revenue            | 4,527                                     | (176)                       |                 |
|                          | -----                                     | -----                       |                 |
| NET REVENUES             | 492,095                                   | 161,731                     |                 |
| Cost of goods sold       | 314,600                                   | 129,199                     |                 |
|                          | -----                                     | -----                       |                 |

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|   |         |        |
|---|---------|--------|
| GROSS PROFIT                                | 177,495 | 32,532 |
| Operating expenses:                         |         |        |
| Selling, general & administrative           | 85,714  | 10,071 |
| Restructuring                               | -       | -      |
| Vitamin B-3 Provision                       | -       | -      |
| Research and development                    | 14,267  | 2,465  |
|   | -----   | -----  |
| Total operating expenses                    | 99,981  | 12,536 |
| OPERATING PROFIT                            | 77,514  | 19,996 |
| Other expenses/(income):                    |         |        |
| Interest expense/(income), net              | 11,487  | (78)   |
| Other (income), net                         | (329)   | (116)  |
|   | -----   | -----  |
| INCOME BEFORE TAXES                         | 66,356  | 20,190 |
| Income taxes                                | 19,649  | 6,478  |
|   | -----   | -----  |
| NET INCOME                                  | 46,707  | 13,712 |
|   | =====   | =====  |
| Basic and diluted earnings per share        |         |        |
| Per share - basic                           | 1.87    |        |
| Weighted average shares outstanding - basic | 25,015  |        |
| Per share - diluted                         | 1.79    |        |
| Weighted average shares outstanding-diluted | 26,157  |        |

See accompanying notes to the unaudited pro forma consolidated financial statements.

CAMBREX CORPORATION  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2003  
(UNAUDITED)

|                                    | CAMBREX<br>CONSOLIDATED<br>HISTORICAL | RUTHERFORD<br>CHEMICALS (7) | PRO FO<br>ADJUSTM |
|------------------------------------|---------------------------------------|-----------------------------|-------------------|
|                                    | -----                                 | -----                       | -----             |
| CURRENT ASSETS                     |                                       |                             |                   |
| Cash and cash equivalents          | 41,835                                |                             |                   |
| Trade receivables, net             | 54,681                                |                             |                   |
| Inventories, net                   | 76,348                                |                             |                   |
| Deferred tax asset                 | 21,433                                |                             |                   |
| Assets held for sale               | 65,558                                | 65,558                      |                   |
| Other current assets               | 25,790                                |                             |                   |
|                                    | -----                                 | -----                       | -----             |
| TOTAL CURRENT ASSETS               | 285,645                               | 65,558                      |                   |
| Property, plant and equipment, net | 256,221                               |                             |                   |
| Goodwill and other tangibles       | 268,859                               |                             |                   |

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|   |         |       |        |       |
|---|---------|-------|--------|-------|
| Other assets  | 12,915  | ----- | -----  | ----- |
| OTHER ASSETS  | 823,640 | ===== | 65,558 | ===== |
| CURRENT LIABILITIES                                   |         |       |        |       |
| Accounts payable and accrued liabilities              | 71,711  |       |        |       |
| Liabilities held for sale                             | 9,905   |       | 9,905  |       |
| Short-term debt and current portion of long-term debt | 2,299   | ----- | -----  | ----- |
| TOTAL CURRENT LIABILITIES                             | 83,915  |       | 9,905  |       |
| Long-term debt  | 253,686 |       |        | (53,  |
| Deferred tax liabilities                              | 52,984  |       |        |       |
| Other liabilities                                     | 52,599  | ----- | -----  | (1,   |
| TOTAL LIABILITIES                                     | 443,184 |       | 9,905  | (54,  |
| STOCKHOLDERS' EQUITY                                  | 380,456 | ----- | 55,653 | 54,   |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY            | 823,640 | ===== | 65,558 | ===== |

See accompanying notes to the unaudited pro forma consolidated financial statements.

Cambrex Corporation  
Notes to Pro forma Consolidated Financial Statements  
(Unaudited)

- (1) Reflects results of continuing operations of the Company as filed in the Company's Form 10-Q filed on November 12, 2003 for the third quarter 2003, which excludes the Rutherford Chemicals business which was reported as a discontinued operation for the respective period.
- (2) For the nine month periods ended September 30, 2003 and 2002, the Rutherford Chemicals business has already been reflected as a discontinued operation in the historical financial statements filed on Form 10-Q on November 12, 2003 for the third quarter 2003.
- (3) Reflects the reduction of interest expense attributable to the application of cash proceeds from the sale of the Rutherford Chemicals business to the Company's long-term debt balance. The interest expense reduction was calculated using the average interest rate for each period presented which was 4.5%, 4.3%, 4.3%, 5.2% and 6.7% for the nine month periods ended September 30, 2003 and 2002 and for the years ended December 31, 2002, 2001 and 2000, respectively. An increase in the variable interest rate of 1/8% would have resulted in higher annual interest expense reduction of approximately \$66 for each period.
- (4) Eliminates the income tax benefit of the reduction in interest expense at a U.S. federal statutory rate of 35%. For the nine month period ended September 30, 2003, there was no income tax benefit assumed due to the Company's recording of a valuation allowance for all net domestic deferred tax assets as of September 30, 2003. (See the



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Company's third quarter 2003 Form 10-Q, note (6), filed on November 12, 2003 for further discussion).

- (5) Reflects the results of operations of the Company including the Rutherford Chemicals business which was not reported as a discontinued operation until September 30, 2003.
- (6) Eliminates the results of operations of the Rutherford Chemicals business for the respective periods as if the divestiture had been completed on January 1, 2000.
- (7) Eliminates the net assets and liabilities of the Rutherford Chemicals business as if the divestiture had been completed on September 30, 2003.
- (8) Reflects the application of the estimated cash proceeds from the sale of the Rutherford Chemicals business, net of fees and expenses and working capital adjustment, to the outstanding long-term debt balance. These cash proceeds exclude the earn-out arrangement and any potential collection of the \$2.0 million note receivable.
- (9) Reflects the write-off of net pension and post-retirement plan liabilities that resulted from the curtailment accounting associated with the sale of the Rutherford Chemicals business.

### SIGNATURES

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

CAMBREX CORPORATION

By: /s/ Luke M. Beshar

-----  
Luke M. Beshar  
Senior Vice President and  
Chief Financial Officer

Date: November 25, 2003