

ModusLink Global Solutions Inc
Form DEFA14A
January 20, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ModusLink Global Solutions, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Edgar Filing: ModusLink Global Solutions Inc - Form DEFA14A

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(6) Amount Previously Paid:

(7) Form, Schedule or Registration Statement No.:

(8) Filing Party:

(9) Date Filed:

On January 20, 2012, ModusLink Global Solutions, Inc. gave the following presentation at its 2011 Annual Meeting of Stockholders.

2011 Annual Meeting of Stockholders

SEC Safe Harbor Statement

2

Forward looking Statement

This presentation contains forward-looking statements, which address a variety of subjects including, for example, the Company's plan for sustained growth in revenue and profits; the Company's assessment of the long-term prospects for its market and the BPO market; the trend toward outsourcing

key
processes;
the
opportunity
for
new
programs
and
integrated
solutions
in
our
client
base;
the
potential
benefits
of
the
investment
and
cost
reduction
plan
including
increased
revenue
from
new
programs,
improved
profitability,
sales
acceleration,
increased
market
penetration,
cost
alignment,
working
capital
improvements
and
improved
results
from
new
leadership;
the
expected

annualized
costs
savings
and
benefits
in
fiscal
2012
and
2013
as
a
result
of
the
investment
and
cost
reduction
plan;
the
level
of
reinvestment
in
sales
and
marketing
and
other
initiatives
in
fiscal
2012
and
2013;
and
the
impact
of
the
tax
benefit
preservation
plan.
All
statements
other
than
statements

of
historical
fact,
including
without
limitation,
those
with
respect
to
the
Company's
goals,
plans,
expectations
and
strategies
set
forth
herein
are
forward-looking
statements.
The
following
important
factors
and
uncertainties,
among
others,
could
cause
actual
results
to
differ
materially
from
those
described
in
these
forward-looking
statements:
the
Company's
success,
including
its

ability
to
meet
its
revenue,
operating
income
and
cost
savings
targets,
maintain
and
improve
its
cash
position,
expand
its
operations
and
revenue,
lower
its
costs,
improve
its
gross
margins,
reach
and
sustain
profitability,
reach
its
long-term
objectives
and
operate
optimally,
depends
on
its
ability
to
execute
on
its
business
strategy,

including
the
investment
and
costs
savings
plan
and
the
continued
and
increased
demand
for
and
market
acceptance
of
its
services;
global
economic
conditions,
especially
in
the
technology
sector
are
uncertain
and
subject
to
volatility;
demand
for
our
clients
products
may
decline
or
may
not
achieve
the
levels
anticipated
by
our

clients;
the
Company's
management
may
face
strain
on
managerial
and
operational
resources
as
they
try
to
over
see
the
expanded
operations;
the
Company
may
not
realize
the
expected
benefits
of
its
restructuring
and
cost
cutting
actions;
the
Company
may
not
be
able
to
expand
its
operations
in
accordance
with
its

business
strategy;
the
Company's
cash
balances
may
not
be
sufficient
to
allow
the
Company
to
meet
all
of
its
business
and
investment
goals;
the
Company
may
experience
difficulties
integrating
technologies,
operations
and
personnel
in
accordance with
its
business
strategy;
the
Company
derives
a
significant
portion
of
its
revenue
from
a
small

number
of
customers
and
the
loss
of
any
of
those
customers
could
significantly
damage
the
Company's
financial
condition and results of operations; the Company frequently sells to its supply chain management clients on a purchase order basis with a minimum purchase requirements, and therefore its sales and the amount of projected revenue that is actually realized are subject to demand variability; risks inherent with conducting international operations; tax rate expectations are

based
on
current
tax
law
and
current
expected
income
and
may
be
affected
by
the
jurisdictions
in
which
profits
are
determined
to
be
earned
and
taxed,
changes
in
estimates
of
credits,
benefits
and
deductions,
the
resolution
of
issues
arising
from
tax
audits
with
various
tax
authorities,
including
payment
of
interest

and
penalties
and
the
ability
to
realize
deferred
tax
assets;
the
potential
tax
benefits
represented
by
the
net
operating
loss
carryforwards
may
not
be
realized
and
the
tax
benefit
preservation
plan
may
not
be
effective
in
preserving
those
benefits;
the
mergers
and
acquisitions
and
IPO
markets
are
inherently
unpredictable
and

liquidity
events
for
companies
in
the
Company's
venture
capital
portfolio
may
not
occur;
increased
competition
and
technological
changes
in
the
markets
in
which
the
Company
competes;
and
the
Company's
review
of
strategic
alternatives
may
not
ultimately
lead
to
a
transaction
that
results
in
increased
value
to
its
stockholders.
For
a

detailed discussion of cautionary statements that may affect the Company's future results of operations and financial results, please refer to the Company's filings with the Securities and Exchange Commission, including the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Forward-looking statements represent management's current

expectations
and
are
inherently
uncertain.
We
do
not
undertake
any
obligation
to
update
forward-looking
statements
made
by
us.

Important Additional Information

On
December
2,
2011,
ModusLink
filed
with
the
Securities
and
Exchange
Commission
(the
SEC)
a
definitive
proxy
statement
in
connection
with
its
2011
annual
meeting
of
stockholders
(the
2011
Annual
Meeting)

and
has
mailed
the
definitive
proxy
statement
to
its
stockholders.

The
definitive
proxy
statement
contains
important
information
concerning
the
identity
and
interests
of
ModusLink's
directors,
director
nominees
and
certain
of
its
officers
and
employees
that
may
be
deemed,
along
with
ModusLink,
to
be
participants
in
the
solicitation
of
ModusLink's
stockholders

in
connection
with
the
2011
Annual
Meeting.
Copies
of
ModusLink's
definitive
proxy
statement,
any
other
relevant
documents
and
other
materials
filed
with
the
SEC
concerning
ModusLink,
when
filed,
may
be
obtained
free
of
charge
at
www.sec.gov
and
www.ir.moduslink.com.
The
definitive
proxy
statement
and
any
other
relevant
documents
filed
with
the

SEC
contain
(or
will
contain)
important
information,
and
stockholders
should
carefully
read
the
definitive
proxy
statement,
the
accompanying
WHITE
proxy
card
and
other
materials
filed
with
the
SEC
when
they
become
available
before
making
any
voting
decision.

Investor Highlights

Market leader in Supply Chain Business Process Outsourcing

\$25 billion addressable market

More than \$875 million in FY2011 revenue

Returned nearly \$97 million of cash since beginning of fiscal 2008

\$57 million of stock repurchases

12% reduction of outstanding shares

\$40 million (\$0.91 per share) special dividend to stockholders in March 2011

More than 70% of revenues from Fortune 1000 companies

Strong balance sheet*:

No debt; approximately \$110 million of cash

Strong liquidity: current ratio of 1.8x

Legacy CMGI NOL s of \$2 billion

*At October 31, 2011

3

Company Snapshot

ModusLink is a leader in global supply chain business process management, providing clients with a broad and integrated portfolio of solutions

4

Improving Outlook for BPO Market
Worldwide BPO Spending 2008
2015:
Source: Gartner -
Q2 2011
5

Problems We Solve for Clients

* 2012

16

th

Annual

Third

Party

Logistics

Study

59%

54%

41%

37%

36%

Price Pressure to Reduce Operating Costs

Global Supply Chain Complexity

Lack of Supply Chain Visibility

Volatile/Unpredictable Demand

Supply Chain Disruptions

ModusLink's solutions help clients solve their most significant supply chain challenges

Top logistics challenges for electronics companies*

6

ModusLink Serves Highly Dynamic Core Markets

Computing

Software

Communications

Storage

Consumer

Electronics

* Images are representative of product type and not specific products handled or clients served.

7

Our Long Term Strategy

8

* Gartner -

Q2 2011

9

Fiscal 2011 Financial Results

Recession created adverse conditions for our clients, which in turn impacted ModusLink

Use of fewer materials in packaged products

Pricing

Unit volumes (and its effect on revenue mix)

Lower SG&A due to strong cost management initiatives

Impairment charges reflect economic and competitive effects on acquired businesses;

significant changes made to
improve results

* Twelve months ended July 31, 2011

** Twelve months ended July 31, 2010

9

10

Most Recent Quarter
First quarter fiscal 2012
Revenue reflects lower
volumes from certain client
programs, especially in
Europe and the Americas
Favorable revenue mix and
benefits from cost reduction
actions had a positive effect
on profitability

Achieved highest gross profit
margin in nearly two years

Reported first operating income
in six quarters

* Three months ended Oct. 31, 2011

** Three months ended Oct. 31, 2010

10

Capitalization and Liquidity

Maintained strong balance sheet and liquidity

* \$40 million cash special dividend was paid to stockholders on March 31, 2011

11

(US Millions)

Total Debt

-

\$

0%

Cash & Cash Equivalents

111.5

\$

Total Common Equity

242.1

\$

100%

Marketable Securities

0.1

\$

Total Capitalization

242.1

\$

100%

Total Cash & Marketable Sec.

111.7

\$

FY2005

FY2006

FY2007

FY2008

FY2009

FY2010

FY2011

Q1FY2012

Current Assets

\$449.1

\$ 495.6

\$ 540.6

\$ 473.9

\$ 426.1

\$ 409.7

\$ *345.7

\$ 404.6

Current Liabilities

\$224.4

\$ 213.4

\$ 220.4

\$ 235.2

\$ 189.1

\$ 187.1

\$ 161.5

\$ 219.3

Current Ratio

2.0x

2.3x

2.5x

2.0x

2.3x

2.2x

2.1x

1.8x

Capital Structure

As of October 31, 2011

Cash & Marketable Securities

As of October 31, 2011

Liquidity

Implementing Our Investment
and Cost Reduction Plan in Fiscal 2012
Executing an investment and
cost reduction plan to:

Increase revenue from new
programs

Improve profitability

Put new leadership in place to

drive improved results

12

Cost Alignment &
Working Capital

Improvements

Strengthening

Leadership

Sales Acceleration

& Increased

Market Penetration

13

* Estimated impact relative to base year, fiscal 2011

Investment and Cost Reduction Plan:

Summary

13

Actions to Enhance Stockholder Value Since Last
Year's Annual Meeting

Continued focus on improving financial performance through
implementation of investment and cost reduction plan

Returned \$40 million to stockholders through special dividend

Enhanced corporate governance

Separated Chairman and CEO roles

Adopted a tax benefit preservation plan

Commenced review of strategic alternatives

Board has formed a committee comprised of independent directors that
are currently conducting the review and will make associated
recommendations to the full board

14

15
Thank You
15