

HAEMONETICS CORP

Form 10-Q

August 07, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly

Report

Pursuant to

Section 13

or 15(d) of

the

Securities

Exchange

Act of

1934

For the quarter ended: July 1, 2017

Commission File Number: 001-14041

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts

04-2882273

(State or other jurisdiction

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

of incorporation or organization)

400 Wood Road, Braintree, MA 02184

(Address of principal executive offices)

Registrant's telephone number, including area code: (781) 848-7100

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  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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

Yes  No

The number of shares of \$0.01 par value common stock outstanding as of August 3, 2017: 52,606,339

HAEMONETICS CORPORATION  
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## ITEM 1. FINANCIAL STATEMENTS

HAEMONETICS CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)  
 (Unaudited in thousands, except per share data)

	Three Months Ended	
	July 1, 2017	July 2, 2016
Net revenues	\$210,951	\$209,956
Cost of goods sold	119,286	118,900
Gross profit	91,665	91,056
Operating expenses:		
Research and development	8,193	11,437
Selling, general and administrative	66,861	87,500
Total operating expenses	75,054	98,937
Operating income (loss)	16,611	(7,881 )
Gain on divestiture	8,000	—
Interest and other expense, net	(1,359 )	(2,177 )
Income (loss) before provision for income taxes	23,252	(10,058 )
Provision for income taxes	3,115	288
Net income (loss)	\$20,137	\$(10,346 )
Net income (loss) per share - basic	\$0.38	\$(0.20 )
Net income (loss) per share - diluted	\$0.38	\$(0.20 )
Weighted average shares outstanding		
Basic	52,443	51,021
Diluted	52,811	51,021
Comprehensive income (loss)	23,766	(11,233 )

The accompanying notes are an integral part of these consolidated financial statements.

HAEMONETICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	July 1, 2017	April 1, 2017
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 171,739	\$ 139,564
Accounts receivable, less allowance of \$2,267 at July 1, 2017 and \$2,184 at April 1, 2017	151,507	152,683
Inventories, net	173,894	176,929
Prepaid expenses and other current assets	30,949	40,853
Total current assets	528,089	510,029
Property, plant and equipment, net	321,953	323,862
Intangible assets, less accumulated amortization of \$224,302 at July 1, 2017 and \$215,772 at April 1, 2017	173,420	177,540
Goodwill	210,930	210,841
Deferred tax asset, long-term	4,399	3,988
Other long-term assets	12,591	12,449
Total assets	\$ 1,251,382	\$ 1,238,709
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 65,876	\$ 61,022
Accounts payable	39,389	42,973
Accrued payroll and related costs	31,934	43,534
Other liabilities	68,324	63,650
Total current liabilities	205,523	211,179
Long-term debt, net of current maturities	237,167	253,625
Deferred tax liability, long-term	12,818	12,114
Other long-term liabilities	23,104	22,181
Total stockholders' equity		
Common stock, \$0.01 par value; Authorized — 150,000,000 shares; Issued and outstanding 52,522,479 shares at July 1, 2017 and 52,255,495 shares at April 1, 2017	525	523
Additional paid-in capital	491,436	482,044
Retained earnings	310,053	289,916
Accumulated other comprehensive loss	(29,244 )	(32,873 )
Total stockholders' equity	772,770	739,610
Total liabilities and stockholders' equity	\$ 1,251,382	\$ 1,238,709

The accompanying notes are an integral part of these consolidated financial statements.

HAEMONETICS CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited in thousands)

	Three Months Ended	
	July 1, 2017	July 2, 2016
Cash Flows from Operating Activities:		
Net income (loss)	\$20,137	\$(10,346)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Non-cash items:		
Depreciation and amortization	21,789	22,544
Gain on divestiture	(8,000)	—
Provision for losses on accounts receivable and inventory	928	2,571
Stock-based compensation expense	1,343	