

UNIVERSAL ELECTRONICS INC
Form 10-Q
November 06, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

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: 0-21044

UNIVERSAL ELECTRONICS INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware 33-0204817
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

201 E. Sandpointe Avenue, 8th Floor 92707
Santa Ana, California (Zip Code)

Registrant's telephone number, including area code: (714) 918-9500

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, 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, any 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 14,498,648 shares of Common Stock, par value \$0.01 per share, of the registrant were outstanding on November 4, 2015.

UNIVERSAL ELECTRONICS INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. Consolidated Financial Statements (Unaudited)

UNIVERSAL ELECTRONICS INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share-related data)

(Unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$64,308	\$112,521
Restricted cash	4,623	—
Accounts receivable, net	112,054	97,989
Inventories, net	112,998	97,474
Prepaid expenses and other current assets	6,462	6,856
Income tax receivable	56	77
Deferred income taxes	5,175	5,048
Total current assets	305,676	319,965
Property, plant, and equipment, net	89,060	76,135
Goodwill	43,381	30,739
Intangible assets, net	33,952	24,614
Deferred income taxes	6,643	6,146
Other assets	5,516	5,471
Total assets	\$484,228	\$463,070
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$90,762	\$69,991
Line of credit	47,000	—
Accrued compensation	32,782	40,656
Accrued sales discounts, rebates and royalties	6,491	8,097
Accrued income taxes	4,326	4,263
Deferred income taxes	—	—
Other accrued expenses	21,380	13,358
Total current liabilities	202,741	136,365
Long-term liabilities:		
Long-term contingent consideration	11,200	—
Deferred income taxes	8,684	8,456
Income tax payable	566	566
Other long-term liabilities	1,976	2,062
Total liabilities	225,167	147,449
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value, 50,000,000 shares authorized; 23,100,243 and 22,909,884 shares issued on September 30, 2015 and December 31, 2014, respectively	231	229
Paid-in capital	224,036	214,710
	(199,646) (120,938

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Treasury stock, at cost, 8,601,895 and 7,008,475 shares on September 30, 2015 and December 31, 2014, respectively

Accumulated other comprehensive income (loss)	(11,842) (4,446)
Retained earnings	245,901	226,066	
Universal Electronics Inc. stockholders' equity	258,680	315,621	
Noncontrolling interest	381	—	
Total stockholders' equity	259,061	315,621	
Total liabilities and stockholders' equity	\$484,228	\$463,070	

See Notes 4 and 9 for further information concerning our purchases from related party vendors.

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

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CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended		
	September 30,		September 30,		
	2015	2014	2015	2014	
Net sales	\$ 160,467	\$ 147,780	\$ 440,723	\$ 423,940	
Cost of sales	117,658	102,665	320,225	298,721	
Gross profit	42,809	45,115	120,498	125,219	
Research and development expenses	4,134	4,210	12,664	12,606	
Selling, general and administrative expenses	29,642	27,120	82,298	81,164	
Operating income	9,033	13,785	25,536	31,449	
Interest income (expense), net	(16) 66	198	(21)
Other income (expense), net	(558) (655) (272) (1,338)
Income before provision for income taxes	8,459	13,196	25,462	30,090	
Provision for income taxes	2,185	2,325	5,624	6,458	
Net income	6,274	10,871	19,838	23,632	
Net income attributable to noncontrolling interest	3	—	3	—	
Net income attributable to Universal Electronics Inc.	\$ 6,271				