

HAEMONETICS CORP
Form 10-Q
February 07, 2008

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**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: **December 29, 2007** Commission File Number: **1-10730**

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction
of incorporation or organization)

04-2882273
(IRS Employer Identification No.)

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) (2.) has been subject to the filing requirements for at least the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 \$.01 par value common stock outstanding as of December 29, 2007:

25,621,738

HAEMONETICS CORPORATION

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ITEM 1. FINANCIAL STATEMENTS

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

	Three months ended		Nine months ended	
	December 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
Net revenues	\$ 134,587	\$ 113,527	\$ 377,701	\$ 332,688
Cost of goods sold	68,029	57,108	189,761	163,735
Gross profit	66,558	56,419	187,940	168,953
Operating expenses:				
Research and development	5,529	5,804	18,532	17,345
Selling, general and administrative	41,432	33,610	119,418	105,483
In process research & development				9,073
Total operating expenses	46,961	39,414	137,950	131,901
Operating income	19,597	17,005	49,990	37,052
Interest income, net	1,070	1,583	4,037	4,715
Other income, net	225	817	1,905	2,152
Income before provision for income taxes	20,892	19,405	55,932	43,919
Provision for income taxes	6,538	2,503	17,733	14,595
Net income	\$ 14,354	\$ 16,902	\$ 38,199	\$ 29,324
Basic income per common share				
Net income	\$ 0.56	\$ 0.64	\$ 1.48	\$ 1.09
Income per common share assuming dilution				
Net income	\$ 0.54	\$ 0.62	\$ 1.43	\$ 1.06
Weighted average shares outstanding				
Basic	25,500	26,527	25,881	26,838
Diluted	26,437	27,367	26,776	27,754

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 29, 2007	March 31, 2007
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 116,857	\$ 229,227
Accounts receivable, less allowance of \$2,412 at December 29, 2007 and \$1,440 at March 31, 2007	108,811	91,832
Inventories, net	63,847	61,797
Deferred tax asset, net	12,863	11,748
Prepaid expenses and other current assets	24,878	9,067
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Total current assets	327,256	403,671
Property, plant and equipment:		
Land, building and building improvements	43,265	41,649
Plant equipment and machinery	90,912	85,140
Office equipment and information technology	45,540	34,320
Haemonetics equipment	169,002	149,745
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Total property, plant and equipment	348,719	310,854
Less: accumulated depreciation	238,280	220,079
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Net property, plant and equipment	110,439	90,775
Other assets:		
Other intangibles, less amortization of \$18,401 at December 29, 2007 and \$17,284 at March 31, 2007	60,153	33,857
Goodwill	55,828	34,958
Deferred tax asset, long term	6,728	4,513
Other long-term assets	5,128	4,961
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Total other assets	127,837	78,289
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Total assets	\$ 565,532	\$ 572,735
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 6,206	\$ 22,201
Accounts payable	15,790	17,187
Accrued payroll and related costs	18,660	14,522
Accrued VAT	14,919	5,040
Other liabilities	24,807	23,067
	<hr/>	<hr/>
Total current liabilities	80,382	82,017
Long-term debt, net of current maturities	6,202	6,675
Other long-term liabilities	5,248	4,395
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, \$0.01 par value;		
Authorized 150,000,000 shares;		
Issued and outstanding 25,621,738 shares at December 29, 2007 and 26,516,979 shares at March 31, 2007	256	265

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	December 29, 2007	March 31, 2007
Additional paid-in capital	181,256	163,815
Retained earnings	288,799	315,767
Accumulated other comprehensive income/(loss)	3,389	(199)
Total Stockholders' equity	473,700	479,648
Total liabilities and stockholders' equity	\$ 565,532	\$ 572,735

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
OTHER COMPREHENSIVE INCOME
(Unaudited in thousands)

	Shares	\$'s	Capital	Earnings	Accumulated Other Comprehensive Income/(Loss)	Equity	Income
Balance, March 31, 2007	26,517	\$ 265	\$ 163,815	\$ 315,767	(199)	\$ 479,648	
Employee stock purchase plan	56	1	2,208			2,209	
Exercise of stock options and related tax benefit	502	5	17,925			17,930	
Shares repurchased	(1,463)	(15)	(9,814)	(65,167)		(74,996)	
Issuance of restricted stock, net of cancellations	10						
Stock Compensation expense			7,122			7,122	
Net income				38,199		38,199	38,199
Foreign currency translation adjustment					5,251	5,251	5,251
Unrealized loss on derivatives					(1,663)	(1,663)	(1,663)
Comprehensive income							41,787
Balance, December 29, 2007	25,622	\$ 256	\$ 181,256	\$ 288,799	\$ 3,389	\$ 473,700	

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

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

	Nine Months Ended	
	December 29, 2007	December 30, 2006
Cash Flows from Operating Activities:		
Net income	\$ 38,199	\$ 29,324
Adjustments to reconcile net income to net cash provided by operating activities:		
Non cash items:		
Depreciation and amortization	22,398	21,026
Stock compensation expense	7,122	7,420
Gain on sales of plant, property and equipment	(739)	(818)
Loss/(gain) from hedging activities	(1,582)	(3,336)
In-process research and development		9,298
Change in operating assets and liabilities:		
(Increase)/Decrease in accounts receivable, net	(13,377)	4,161
(Increase) in inventories	(2,559)	(6,492)
Decrease in prepaid income taxes	651	229
(Increase)/Decrease in other assets and other long-term liabilities, net	(9,165)	1,384
Decrease/(Increase) in accounts payable and accrued expenses	4,806	(2,729)
Net cash provided by operating activities	45,754	59,467
Cash Flows from Investing Activities:		
Capital expenditures on property, plant and equipment	(42,497)	(26,985)
Proceeds from sale of property, plant and equipment	3,149	2,588
Acquisition of HaemoScope	(45,080)	
Acquisition of Infonale, Inc.	(1,300)	
Acquisition of Arryx, Inc.		(23,227)
Net cash (used in) investing activities	(85,728)	(47,624)
Cash Flows from Financing Activities:		
Payments on long-term real estate mortgage	(473)	(435)
Net decrease in short-term revolving credit agreements	(10,651)	