

BIOMARIN PHARMACEUTICAL INC

Form 10-Q

April 30, 2012

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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 March 31, 2012

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: 000-26727

BioMarin Pharmaceutical Inc.

(Exact name of registrant as specified in its charter)

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| | |
|--|--|
| Delaware (State or other jurisdiction of incorporation or organization) | 68-0397820 (I.R.S. Employer Identification No.) |
| 105 Digital Drive, Novato, California (Address of principal executive offices) | 94949 (Zip Code) |
| (415) 506-6700 Registrant's telephone number including area code | |

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, 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.

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 Exchange Act.) Yes No

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 115,700,983 shares of common stock, par value \$0.001, outstanding as of April 13, 2012.

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BIOMARIN PHARMACEUTICAL INC.

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Table of Contents**BIOMARIN PHARMACEUTICAL INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

March 31, 2012 and December 31, 2011

(In thousands of U.S. dollars, except share and per share amounts)

| | March 31, 2012 (unaudited) | December 31, 2011(1) |
|--|----------------------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 82,586 | \$ 46,272 |
| Short-term investments | 150,393 | 148,820 |
| Accounts receivable, net (allowance for doubtful accounts: \$471 and \$513, respectively) | 105,828 | 104,839 |
| Inventory | 124,064 | 130,118 |
| Other current assets | 50,519 | 39,753 |
| Total current assets | 513,390 | 469,802 |
| Investment in BioMarin/Genzyme LLC | 1,082 | 559 |
| Long-term investments | 54,751 | 94,385 |
| Property, plant and equipment, net | 264,317 | 268,971 |
| Intangible assets, net | 170,914 | 180,277 |
| Goodwill | 51,543 | 51,543 |
| Long-term deferred tax assets | 221,239 | 222,649 |
| Other assets | 19,849 | 15,495 |
| Total assets | \$ 1,297,085 | \$ 1,303,681 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 96,359 | \$ 94,125 |
| Convertible debt | 23,455 | 0 |
| Total current liabilities | 119,814 | 94,125 |
| Long-term convertible debt | 324,872 | 348,329 |
| Other long-term liabilities | 80,449 | 88,179 |
| Total liabilities | 525,135 | 530,633 |
| Stockholders' equity: | | |
| Common stock, \$0.001 par value: 250,000,000 shares authorized at March 31, 2012 and December 31, 2011; 115,681,825 and 114,789,732 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively. | 116 | 115 |
| Additional paid-in capital | 1,221,933 | 1,197,082 |
| Company common stock held by Nonqualified Deferred Compensation Plan | (3,538) | (3,935) |
| Accumulated other comprehensive income | 2,512 | 4,887 |
| Accumulated deficit | (449,073) | (425,101) |
| Total stockholders' equity | 771,950 | 773,048 |

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| | | |
|--|--------------|--------------|
| Total liabilities and stockholders' equity | \$ 1,297,085 | \$ 1,303,681 |
|--|--------------|--------------|

- (1) December 31, 2011 balances were derived from the audited consolidated financial statements.
The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**BIOMARIN PHARMACEUTICAL INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****Three Months Ended March 31, 2012 and 2011****(In thousands of U.S. dollars, except per share amounts)****(Unaudited)**

| | 2012 | 2011 |
|---|--------------------|--------------------|
| REVENUES: | | |
| Net product revenues | \$ 116,239 | \$ 109,076 |
| Collaborative agreement revenues | 96 | 125 |
| Royalty and license revenues | 314 | 255 |
| Total revenues | 116,649 | 109,456 |
| OPERATING EXPENSES: | | |
| Cost of sales (excludes amortization of certain acquired intangible assets) | 17,105 | 20,796 |
| Research and development | 73,834 | 45,017 |
| Selling, general and administrative | 45,248 | 41,037 |
| Intangible asset amortization and contingent consideration | 2,328 | 312 |
| Total operating expenses | 138,515 | 107,162 |
| INCOME (LOSS) FROM OPERATIONS | (21,866) | 2,294 |
| Equity in the loss of BioMarin/Genzyme LLC | (734) | (542) |
| Interest income | 505 | 782 |
| Interest expense | (1,947) | (2,163) |
| Other income (expense) | 36 | 22 |
| INCOME (LOSS) BEFORE INCOME TAXES | (24,006) | 393 |
| Provision for (benefit from) income taxes | (34) | 4,764 |
| NET LOSS | \$ (23,972) | \$ (4,371) |
| NET LOSS PER SHARE, BASIC AND DILUTED | \$ (0.21) | \$ (0.04) |
| Weighted average common shares outstanding, basic | 115,070 | 110,652 |
| Weighted average common shares outstanding, diluted | 115,070 | 110,743 |
| COMPREHENSIVE LOSS | \$ (26,347) | \$ (10,346) |

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

Table of Contents**BIOMARIN PHARMACEUTICAL INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****Three Months Ended March 31, 2012 and 2011****(In thousands of U.S. dollars)****(Unaudited)**

| | 2012 | 2011 |
|---|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (23,972) | \$ (4,371) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 10,598 | 8,585 |
| Amortization of discount on investments | 852 | 1,080 |
| Equity in the loss of BioMarin/Genzyme LLC | 734 | 542 |
| Stock-based compensation | 11,155 | 10,151 |
| Deferred income taxes | 712 | 3,910 |
| Excess tax benefit from stock option exercises | (18) | (415) |
| Impairment of intangible assets | 6,704 | 0 |
| Unrealized foreign exchange gain on forward contracts | (1,878) | (401) |
| Changes in the fair value of contingent acquisition consideration payable | (5,181) | (493) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (989) | (19,622) |
| Inventory | 6,054 | (369) |
| Other current assets | (11,113) | (2,051) |
| Other assets | (6,040) | 1,599 |
| Accounts payable and accrued liabilities | 3,826 | (2,204) |
| Other long-term liabilities | 1,385 | 560 |
| Net cash used in operating activities | (7,171) | (3,499) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property, plant and equipment | (6,179) | (6,241) |
| Maturities and sales of investments | 74,037 | 84,013 |
| Purchase of available-for-sale investments | (36,562) | (74,210) |
| Investments in BioMarin/Genzyme LLC | (1,258) | (593) |
| Net provided by investing activities | 30,038 | 2,969 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from exercise of stock options and Employee Stock Purchase Plan | 13,679 | 3,133 |
| Excess tax benefit from stock option exercises | 18 | 415 |
| Repayment of capital lease obligations | (250) | (315) |
| Net cash provided by financing activities | 13,447 | 3,233 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents: | | |
| Beginning of period | \$ 46,272 | \$ 88,079 |

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| | | |
|---------------|-----------|-----------|
| End of period | \$ 82,586 | \$ 90,782 |
|---------------|-----------|-----------|

SUPPLEMENTAL CASH FLOW DISCLOSURES:

| | | |
|---|--------|--------|
| Cash paid for interest, net of interest capitalized into fixed assets | \$ 293 | \$ 637 |
| Cash paid for income taxes | 1,739 | 616 |
| Stock-based compensation capitalized into inventory | 894 | 1,173 |
| Depreciation capitalized into inventory | 1,062 | 2,651 |

SUPPLEMENTAL CASH FLOW DISCLOSURES FROM INVESTING AND FINANCING ACTIVITIES:

| | | |
|---|------------|------------|
| Decrease in accrued liabilities related to fixed assets | \$ (3,149) | \$ (3,239) |
| Equipment acquired through capital leases | 0 | 366 |
| Change in asset retirement obligation | 44 | 0 |

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

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